



Environmental and Public Protection

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Environmental and Public Protection

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	87,876,400	142,199,700	148,356,100	98,598,800	109,547,500
Continuing Appropriation	2,261,700	2,261,600	2,261,600	88,000	44,000
Salary Compensation Fund	4,020,000				
Base Deduction	-10,131,000				
Total General Fund	84,027,100	144,461,300	150,617,700	98,686,800	109,591,500
Tobacco Settlement-Phase I					
Tobacco Settlement - I	25,751,700	9,000,000	9,000,000	18,692,700	20,496,000
Continuing Appropriation	5,966,900				
Budget Reduction	-1,769,100				
Total Tobacco Settlement-Phase I	29,949,500	9,000,000	9,000,000	18,692,700	20,496,000
Restricted Funds					
Balance Forward	128,449,300	109,601,000	125,145,700	54,010,600	28,973,500
Current Receipts	216,222,000	194,819,600	196,067,700	198,872,100	204,782,300
Non-Revenue Receipts	234,056,100	222,904,900	225,895,500	278,077,000	238,858,200
Fund Transfers	-94,864,700			-71,859,800	-30,822,600
Total Restricted Funds	483,862,700	527,325,500	547,108,900	459,099,900	441,791,400
Federal Funds					
Balance Forward	723,700	342,200	342,200	453,200	434,300
Current Receipts	76,040,200	80,084,700	81,346,300	78,234,200	79,116,000
Non-Revenue Receipts	-3,759,200	-3,489,300	-3,537,500	-3,489,300	-3,537,500
Total Federal Funds	73,004,700	76,937,600	78,151,000	75,198,100	76,012,800
TOTAL SOURCE OF FUNDS	670,844,000	757,724,400	784,877,600	651,677,500	647,891,700
EXPENDITURES BY CLASS					
Personnel Cost	210,482,500	257,321,600	269,832,100	226,175,200	230,172,000
Operating Expenses	190,835,200	200,620,300	201,774,000	204,792,600	203,925,100
Grants, Loans or Benefits	181,713,100	166,429,600	165,353,300	167,684,100	174,545,200
Debt Service	589,000	589,000	589,000	589,000	4,068,000
Capital Outlay	21,895,100	7,666,100	7,050,400	10,484,800	5,759,400
Construction	10,777,300	14,100,000	14,100,000	12,500,000	12,000,000
TOTAL EXPENDITURES	616,292,200	646,726,600	658,698,800	622,225,700	630,469,700
EXPENDITURES BY FUND SOURCE					
General Fund	83,939,100	158,951,400	165,107,800	98,642,800	109,591,700
Tobacco Settlement-Phase I	29,949,500	9,000,000	9,000,000	18,692,700	20,496,000
Restricted Funds	429,852,100	402,179,800	406,782,200	430,126,400	424,806,500
Federal Funds	72,551,500	76,595,400	77,808,800	74,763,800	75,575,500
TOTAL EXPENDITURES	616,292,200	646,726,600	658,698,800	622,225,700	630,469,700
EXPENDITURES BY UNIT					
General Administration and Program Support	16,776,700	20,678,100	21,757,400	17,492,200	17,787,000
Environmental Protection	120,938,100	119,368,000	122,458,800	114,434,000	113,271,900
Natural Resources	107,481,700	116,687,700	119,451,700	101,168,800	102,956,900
Environmental Quality Commission	142,000	278,500	289,600	266,600	263,800
Kentucky Nature Preserves Commission	1,511,100	1,870,200	1,950,900	1,525,400	1,549,300
Public Protection	112,279,300	129,942,600	132,870,200	125,617,900	134,355,500
Labor	128,244,900	125,154,500	125,930,000	122,783,400	123,440,900
Occupational Safety and Health Review Commission	560,500	645,200	696,400	500,600	510,900
Workers' Compensation Board	922,200	1,028,300	1,077,900	937,900	949,500

Workers' Compensation Funding Commission	127,237,200	130,826,700	131,963,000	137,298,200	135,181,600
Mine Safety Review Commission	198,500	246,800	252,900	200,700	202,400
TOTAL EXPENDITURES	616,292,200	646,726,600	658,698,800	622,225,700	630,469,700

Pursuant to KRS 224.10-100, the Environmental and Public Protection Cabinet is charged with the protection and preservation of land, air and water resources; supervision and regulation of industries providing services to the citizens of the Commonwealth; and the administration of rules for the state concerning employer-employee relationships. The Cabinet has four departments: Environmental Protection, Natural Resources, Labor, and Public Protection.

A Secretary appointed by the Governor heads the Cabinet. The Secretary is responsible for environmental leadership, monitoring environmental trends and shaping a vision for Kentucky's environmental future. The Secretary enforces statutes and regulations ensuring the integrity of supervised industries and the safety of employees through oversight activities relating to wages and hours, occupational safety and employee health, child labor, apprenticeship, and workers' compensation.

The Mine Safety Review Commission is part of the Environmental and Public Protection Cabinet under supervision of the Secretary. KRS 351.1041 establishes the Mine Safety Review Commission to enforce sanctions against licensed premises and certified and non-certified personnel whose willful and repeated violations of mine safety laws place miners in imminent danger of serious injury or death. The Commission is charged with conducting hearings and issuing orders regarding licensees, coal operators, and other persons involved in the mining of coal in accordance with KRS 351.194.

**Environmental and Public Protection
General Administration and Program Support**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,174,500	12,337,400	12,911,700	9,252,100	9,041,400
Salary Compensation Fund	409,500				
Base Deduction	-1,187,500				
Total General Fund	9,396,500	12,337,400	12,911,700	9,252,100	9,041,400
Restricted Funds					
Balance Forward	654,600	316,900	113,800	316,900	113,800
Current Receipts	17,100	4,000	4,000	4,000	4,000
Non-Revenue Receipts	5,556,800	6,551,700	7,064,300	6,501,100	7,015,200
Total Restricted Funds	6,228,500	6,872,600	7,182,100	6,822,000	7,133,000
Federal Funds					
Current Receipts	1,539,100	1,657,400	1,743,200	1,607,400	1,692,200
Non-Revenue Receipts	-70,500	-75,500	-79,500	-75,500	-79,500
Total Federal Funds	1,468,600	1,581,900	1,663,700	1,531,900	1,612,700
TOTAL SOURCE OF FUNDS	17,093,600	20,791,900	21,757,500	17,606,000	17,787,100
EXPENDITURES BY CLASS					
Personnel Cost	14,825,000	18,594,000	19,668,300	15,582,700	15,879,500
Operating Expenses	1,938,700	2,062,100	2,067,100	1,896,500	1,894,500
Capital Outlay	13,000	22,000	22,000	13,000	13,000
TOTAL EXPENDITURES	16,776,700	20,678,100	21,757,400	17,492,200	17,787,000
EXPENDITURES BY FUND SOURCE					
General Fund	9,396,500	12,337,400	12,911,700	9,252,100	9,041,400
Restricted Funds	5,911,600	6,758,800	7,182,000	6,708,200	7,132,900
Federal Funds	1,468,600	1,581,900	1,663,700	1,531,900	1,612,700
TOTAL EXPENDITURES	16,776,700	20,678,100	21,757,400	17,492,200	17,787,000
EXPENDITURES BY UNIT					
Secretary's Office	993,600	1,078,000	1,110,900	1,008,300	1,017,400
Inspector General	758,700	978,600	1,030,000	802,000	814,800
Administrative and Information Services	724,700	827,900	869,100	744,700	754,800
Budget and Internal Audit	531,000	713,100	771,100	609,400	640,400
Fiscal Management	1,103,800	1,334,300	1,407,600	1,161,100	1,182,400
Human Resources Management	1,231,900	1,450,200	1,530,200	1,260,400	1,282,400
Information Services	1,467,800	2,029,200	2,120,600	1,515,800	1,538,000
Administrative Hearings	755,200	881,400	926,900	787,200	799,300
Legal Services	8,361,200	10,296,500	10,842,600	8,709,100	8,848,000
Legislative and Intergovernmental Affairs	264,300	302,700	319,500	269,700	273,900
Regulatory Affairs	172,100	219,900	232,300	196,100	199,500
Communication and Public Outreach	412,400	566,300	596,600	428,400	436,100
TOTAL EXPENDITURES	16,776,700	20,678,100	21,757,400	17,492,200	17,787,000

General Administration and Program Support provides the Cabinet agencies with the centralized, professional resources necessary to carry out their mission.

Policy

Restricted Funds in the amount of \$257,100 in fiscal year 2007 and \$263,800 in fiscal year 2008 are provided to the Environmental Quality Commission through the Office of Communication and Public Outreach.

Environmental and Public Protection

Environmental Protection

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	23,593,500	40,980,100	43,165,800	25,611,800	26,118,000
Salary Compensation Fund	1,336,100				
Base Deduction	-1,419,100				
Total General Fund	23,510,500	40,980,100	43,165,800	25,611,800	26,118,000
Restricted Funds					
Balance Forward	9,640,600	5,918,700	3,940,000	4,551,400	2,008,400
Current Receipts	12,690,000	11,915,700	12,424,500	15,040,500	15,443,800
Non-Revenue Receipts	32,598,300	15,656,200	15,705,700	41,026,800	17,786,100
Fund Transfers				-18,000,000	
Total Restricted Funds	54,928,900	33,490,600	32,070,200	42,618,700	35,238,300
Federal Funds					
Balance Forward	325,600				
Current Receipts	19,761,600	21,221,300	21,517,400	20,865,400	21,065,200
Non-Revenue Receipts	-2,106,500	-1,818,000	-1,827,600	-1,818,000	-1,827,600
Total Federal Funds	17,980,700	19,403,300	19,689,800	19,047,400	19,237,600
TOTAL SOURCE OF FUNDS	96,420,100	93,874,000	94,925,800	87,277,900	80,593,900
EXPENDITURES BY CLASS					
Personnel Cost	46,541,800	61,375,300	64,428,500	52,803,500	53,058,000
Operating Expenses	7,536,300	8,304,300	8,245,600	7,529,600	7,511,200
Grants, Loans or Benefits	18,153,800	14,200,600	14,207,300	16,300,600	16,307,300
Capital Outlay	19,104,500	3,953,800	3,838,700	8,135,800	3,638,700
Construction	532,300	2,100,000	2,100,000	500,000	
TOTAL EXPENDITURES	91,868,700	89,934,000	92,820,100	85,269,500	80,515,200
EXPENDITURES BY FUND SOURCE					
General Fund	23,510,500	40,980,100	43,165,800	25,611,800	26,118,000
Restricted Funds	50,377,500	29,550,600	29,964,500	40,610,300	35,159,600
Federal Funds	17,980,700	19,403,300	19,689,800	19,047,400	19,237,600
TOTAL EXPENDITURES	91,868,700	89,934,000	92,820,100	85,269,500	80,515,200
EXPENDITURES BY UNIT					
Commissioner	1,901,000	2,311,400	2,424,900	1,960,100	2,003,900
Water	21,193,300	27,538,200	28,697,200	24,392,200	24,297,500
Waste Management	48,166,500	35,294,200	35,637,900	36,859,700	32,135,700
Air Quality	13,747,100	16,083,000	16,950,800	14,758,300	15,136,400
Environmental Services	3,929,300	4,542,200	4,764,200	3,888,100	3,985,700
Maxey Flats	481,000	544,600	567,000	993,800	500,300
Enforcement	1,445,000	2,245,600	2,367,800	1,493,200	1,537,100
Compliance Assistance	1,005,500	1,374,800	1,410,300	924,100	918,600
TOTAL EXPENDITURES	91,868,700	89,934,000	92,820,100	85,269,500	80,515,200

The Department for Environmental Protection is responsible for the protection of the environmental health of Kentucky's citizens through the prevention, abatement, and control of water, land, and air pollution. The Department

oversees environmental enforcement and compliance assistance operations for four program areas: Water, Air Quality, Waste Management, and Environmental Services. The Department also is responsible for the Maxey Flats low-level nuclear waste disposal site.

Environmental and Public Protection
Environmental Protection
Commissioner

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,587,500	1,989,400	2,083,800	1,638,100	1,662,100
Salary Compensation Fund	74,600				
Base Deduction	-187,400				
Total General Fund	1,474,700	1,989,400	2,083,800	1,638,100	1,662,100
Restricted Funds					
Balance Forward	83,500	4,100	4,200	4,100	4,200
Current Receipts	400	400	400	400	400
Non-Revenue Receipts	346,500	321,700	341,000	321,700	341,000
Total Restricted Funds	430,400	326,200	345,600	326,200	345,600
Federal Funds					
Balance Forward	187,800				
Non-Revenue Receipts	-187,800				
Total Federal Funds					
TOTAL SOURCE OF FUNDS	1,905,100	2,315,600	2,429,400	1,964,300	2,007,700
EXPENDITURES BY CLASS					
Personnel Cost	1,678,400	2,043,000	2,161,100	1,736,300	1,780,100
Operating Expenses	222,600	268,400	263,800	223,800	223,800
TOTAL EXPENDITURES	1,901,000	2,311,400	2,424,900	1,960,100	2,003,900
EXPENDITURES BY FUND SOURCE					
General Fund	1,474,700	1,989,400	2,083,800	1,638,100	1,662,100
Restricted Funds	426,300	322,000	341,100	322,000	341,800
TOTAL EXPENDITURES	1,901,000	2,311,400	2,424,900	1,960,100	2,003,900

The Office of the Commissioner, pursuant to KRS 224.10-020(1), provides leadership, policy direction, and management for the Department for Environmental Protection.

Environmental and Public Protection

Environmental Protection

Water

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,157,700	15,178,300	16,189,300	11,650,100	11,965,300
Salary Compensation Fund	539,000				
Base Deduction	-464,400				
Total General Fund	10,232,300	15,178,300	16,189,300	11,650,100	11,965,300
Restricted Funds					
Balance Forward	712,600	114,300	60,600	114,300	60,600
Current Receipts	537,400	598,800	598,800	560,300	558,300
Non-Revenue Receipts	625,000	654,100	652,300	1,204,200	652,300
Total Restricted Funds	1,875,000	1,367,200	1,311,700	1,878,800	1,271,200
Federal Funds					
Current Receipts	9,825,300	11,697,800	11,845,800	11,568,400	11,710,600
Non-Revenue Receipts	-625,000	-644,500	-644,500	-644,500	-644,500
Total Federal Funds	9,200,300	11,053,300	11,201,300	10,923,900	11,066,100
TOTAL SOURCE OF FUNDS	21,307,600	27,598,800	28,702,300	24,452,800	24,302,600
EXPENDITURES BY CLASS					
Personnel Cost	16,536,300	22,442,300	23,698,800	19,680,200	19,647,400
Operating Expenses	2,042,300	2,298,200	2,250,700	2,114,300	2,102,400
Grants, Loans or Benefits	2,589,700	2,547,700	2,547,700	2,547,700	2,547,700
Capital Outlay	25,000	250,000	200,000	50,000	
TOTAL EXPENDITURES	21,193,300	27,538,200	28,697,200	24,392,200	24,297,500
EXPENDITURES BY FUND SOURCE					
General Fund	10,232,300	15,178,300	16,189,300	11,650,100	11,965,300
Restricted Funds	1,760,700	1,306,600	1,306,600	1,818,200	1,266,100
Federal Funds	9,200,300	11,053,300	11,201,300	10,923,900	11,066,100
TOTAL EXPENDITURES	21,193,300	27,538,200	28,697,200	24,392,200	24,297,500

The Division of Water, pursuant to KRS Chapters 146, 149, 151, 200, 223, 224, 224A, 261, 350.029, 350.275 and federal law including PL 92-500 (the Clean Water Act) and 92-523 (the Safe Drinking Water Act), is responsible for administering programs for: ensuring a safe drinking water supply; water quality maintenance; water storage overflow prevention; water improvements construction safety; groundwater protection; wastewater treatment and sewer line construction; and water conservation, promotion, regulation, and development.

The Division administers programs relating to groundwater protection plans, Total Maximum Daily Load (TMDL) Plans, the Non-Point Source (NPS) 319(h) Grant program, watershed management, dam safety inspections, Clean Water and Drinking Water State Revolving Loan programs, Kentucky Pollution Discharge Elimination System (KPDES) permitting, on-site sewage inspections, confined animal feeding operations compliance, logging operations, and Forestry Conservation Act compliance.

Policy

The Governor's recommended budget provides Restricted Funds of \$550,100 in fiscal year 2007 to be used for activities

relating to the pursuit of state primacy of the Clean Water Act Section 404 Permitting program. The funds may also be used for initial operating costs associated with the program. Should the state assume primacy of the 404 Permitting program, the Cabinet shall procure the necessary funds to administer the program, by establishing fees and by procuring federal and private grants. Notwithstanding KRS 42.4588, the Cabinet shall use Local Government Economic Development Multi-County funds for permitting activities associated with coal mining activity.

The Governor's recommended budget includes Federal Funds of \$514,500 in fiscal year 2007 and \$475,900 in fiscal year 2008 to expand the state capacity development program. This program ensures that public water systems have the technical, managerial, and financial ability to meet state and federal drinking water requirements.

The Governor's recommended budget provides Federal Funds of \$110,100 in fiscal year 2007 and \$109,700 in fiscal year 2008 to expand the Division's Resource Planning and Program Support Branch. The additional positions will help the state meet federal Environmental Protection Agency (EPA) grant reporting and management requirements, including processing contracts and checking for billing errors.

Environmental and Public Protection
Environmental Protection
Waste Management

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,542,800	15,200,400	15,888,500	5,917,100	6,049,900
Salary Compensation Fund	309,300				
Base Deduction	-165,800				
Total General Fund	5,686,300	15,200,400	15,888,500	5,917,100	6,049,900
Restricted Funds					
Balance Forward	4,594,300	2,538,000	1,837,300	1,170,700	447,800
Current Receipts	2,974,000	1,165,500	1,160,500	4,659,600	4,713,700
Non-Revenue Receipts	30,675,600	13,693,500	13,690,600	39,026,000	16,387,100
Fund Transfers				-18,000,000	
Total Restricted Funds	38,243,900	17,397,000	16,688,400	26,856,300	21,548,600
Federal Funds					
Balance Forward	137,800				
Current Receipts	6,111,900	5,284,100	5,287,200	5,284,100	5,287,200
Non-Revenue Receipts	-842,700	-750,000	-750,000	-750,000	-750,000
Total Federal Funds	5,407,000	4,534,100	4,537,200	4,534,100	4,537,200
TOTAL SOURCE OF FUNDS	49,337,200	37,131,500	37,114,100	37,307,500	32,135,700
EXPENDITURES BY CLASS					
Personnel Cost	13,172,100	17,335,500	17,941,700	14,742,200	14,664,300
Operating Expenses	2,154,400	2,306,800	2,293,300	2,083,600	2,068,500
Grants, Loans or Benefits	14,802,900	10,802,900	10,802,900	12,902,900	12,902,900
Capital Outlay	17,504,800	2,749,000	2,500,000	7,131,000	2,500,000
Construction	532,300	2,100,000	2,100,000		
TOTAL EXPENDITURES	48,166,500	35,294,200	35,637,900	36,859,700	32,135,700
EXPENDITURES BY FUND SOURCE					
General Fund	5,686,300	15,200,400	15,888,500	5,917,100	6,049,900
Restricted Funds	37,073,200	15,559,700	15,212,200	26,408,500	21,548,600
Federal Funds	5,407,000	4,534,100	4,537,200	4,534,100	4,537,200
TOTAL EXPENDITURES	48,166,500	35,294,200	35,637,900	36,859,700	32,135,700

The Division of Waste Management, pursuant to KRS 224, administers programs that regulate the generation, transportation, storage, treatment, and disposal of all hazardous and solid wastes in the state. Additional responsibilities include resources use and recycling initiatives, technical assistance to counties and solid waste management districts to facilitate compliance with 401 KAR, Chapter 49, investigation and restoration duties at abandoned hazardous waste disposal sites, and citizen education concerning waste management issues. The Division also administers the Voluntary Environmental Remediation Act and the Certified Clean Counties initiative.

Pursuant to KRS 224.43-505, the Division also manages the Kentucky Pride Fund, which encourages proper solid waste management in Kentucky through waste reduction, recycling, proper closure of abandoned landfills, education, proper collection and disposal of solid waste, elimination of illegal open dumps, and abatement of litter.

Policy

Notwithstanding 224.43-505, Restricted Funds in the amount of \$18,000,000 shall be transferred from the Kentucky Pride

Fund in fiscal year 2007. This represents the cash balance of several years of accumulated tipping fees through June 30, 2005. Due to the requirement for the Department to expend Kentucky Pride bond funds by September 30, 2006 to avoid IRS penalties, the agency has been unable to expend the tipping fees. The annually recurring tipping fee revenue stream for fiscal years 2006, 2007, and 2008 will remain intact for ongoing program operations.

The Governor's recommended budget provides Restricted Funds in the amount of \$18,339,300 in fiscal year 2007 and \$13,705,400 in fiscal year 2008 for the Kentucky Pride Program.

The Governor's recommended budget provides Restricted Funds in the amount of \$2,400,000 in fiscal year 2007 and \$2,400,000 in fiscal year 2008 for the Division of Waste Management, Hazardous Waste Management program.

The Governor's recommended budget provides Restricted Funds in the amount of \$2,700,000 in fiscal year 2007 and \$2,700,000 in fiscal year 2008 for the Division of Waste Management, Waste Tire Cleanup program.

The Governor's recommended budget provides Restricted Funds in the amount of \$407,500 in each fiscal year of the biennium for the Division of Waste Management, Underground Storage Tank program.

The Governor's recommended budget provides Federal Funds in the amount of \$69,300 in fiscal year 2007 and \$72,400 in fiscal year 2008 to establish and maintain a registry of brownfields environmental covenants pursuant to KRS 224.80-210.

Notwithstanding KRS 224.43-320, no funds are provided in the above appropriations for the assignment of full-time inspectors to each municipal solid waste landfill operating in the Commonwealth.

Cash held in escrow for the A.L. Taylor Waste Site has been moved to an off-budget account for administrative and budgetary purposes and is not included in the above Restricted Fund appropriations.

Environmental and Public Protection

Environmental Protection

Air Quality

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,510,400	1,866,300	1,944,400	1,453,900	1,408,600
Salary Compensation Fund	56,700				
Base Deduction	-101,200				
Total General Fund	1,465,900	1,866,300	1,944,400	1,453,900	1,408,600
Restricted Funds					
Balance Forward	3,571,500	3,004,500	1,866,700	3,004,500	1,316,600
Current Receipts	9,016,000	9,971,000	10,473,000	9,640,200	9,979,600
Non-Revenue Receipts	230,000	230,000	230,000	-675,100	-238,200
Total Restricted Funds	12,817,500	13,205,500	12,569,700	11,969,600	11,058,000
Federal Funds					
Current Receipts	2,698,200	3,107,900	3,216,800	2,881,400	2,899,800
Non-Revenue Receipts	-230,000	-230,000	-230,000	-230,000	-230,000
Total Federal Funds	2,468,200	2,877,900	2,986,800	2,651,400	2,669,800
TOTAL SOURCE OF FUNDS	16,751,600	17,949,700	17,500,900	16,074,900	15,136,400
EXPENDITURES BY CLASS					
Personnel Cost	10,286,300	12,789,200	13,475,700	11,673,400	11,906,300
Operating Expenses	1,456,900	1,664,400	1,701,100	1,455,500	1,456,100
Grants, Loans or Benefits	649,200	734,600	755,300	734,600	755,300
Capital Outlay	1,354,700	894,800	1,018,700	894,800	1,018,700
TOTAL EXPENDITURES	13,747,100	16,083,000	16,950,800	14,758,300	15,136,400
EXPENDITURES BY FUND SOURCE					
General Fund	1,465,900	1,866,300	1,944,400	1,453,900	1,408,600
Restricted Funds	9,813,000	11,338,800	12,019,600	10,653,000	11,058,000
Federal Funds	2,468,200	2,877,900	2,986,800	2,651,400	2,669,800
TOTAL EXPENDITURES	13,747,100	16,083,000	16,950,800	14,758,300	15,136,400

The Division of Air Quality is responsible for the identification and implementation of measures necessary to achieve and maintain ambient air quality standards as mandated by the federal Clean Air Act and KRS 224.10-100. The Division accomplishes its mission by operating a comprehensive program of air quality monitoring; planning, construction, and operation permitting; and source inspections and enforcement to ensure compliance with air pollution laws and regulations.

The 1990 Clean Air Act Amendments imposed new permitting requirements to protect air quality. Federal law requires that an emission fee be levied on facilities with significant air pollutants to fund the implementation of the new requirements. If a state does not have continued authorization, the fee will be collected by the U.S. Environmental Protection Agency to fund a federal permitting program.

Policy

Notwithstanding KRS 224.20-050(4) and KRS 224.20-730, Restricted Funds in the amount of \$550,100 shall be transferred in fiscal year 2007 to the Division of Water to be used for activities relating to the pursuit of state primacy of the Clean Water Act Section 404 Permitting program. The funds may also be used for the initial operating costs associated with the program.

Environmental and Public Protection

Environmental Protection

Environmental Services

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,470,900	4,123,200	4,306,800	3,477,100	3,520,300
Salary Compensation Fund	65,500				
Base Deduction	-271,200				
Total General Fund	3,265,200	4,123,200	4,306,800	3,477,100	3,520,300
Restricted Funds					
Balance Forward	292,400	38,600	35,600	38,600	43,600
Current Receipts	20,700	20,700	20,700	20,700	20,700
Non-Revenue Receipts	228,600	234,300	240,100	234,300	240,100
Total Restricted Funds	541,700	293,600	296,400	293,600	304,400
Federal Funds					
Current Receipts	177,100	177,100	177,100	177,100	177,100
Non-Revenue Receipts	-16,100	-16,100	-16,100	-16,100	-16,100
Total Federal Funds	161,000	161,000	161,000	161,000	161,000
TOTAL SOURCE OF FUNDS	3,967,900	4,577,800	4,764,200	3,931,700	3,985,700
EXPENDITURES BY CLASS					
Personnel Cost	2,450,100	3,179,100	3,367,200	2,563,200	2,614,800
Operating Expenses	1,248,600	1,289,100	1,277,000	1,250,900	1,250,900
Grants, Loans or Benefits	10,600	14,000		14,000	
Capital Outlay	220,000	60,000	120,000	60,000	120,000
TOTAL EXPENDITURES	3,929,300	4,542,200	4,764,200	3,888,100	3,985,700
EXPENDITURES BY FUND SOURCE					
General Fund	3,265,200	4,123,200	4,306,800	3,477,100	3,520,300
Restricted Funds	503,100	258,000	296,400	250,000	304,400
Federal Funds	161,000	161,000	161,000	161,000	161,000
TOTAL EXPENDITURES	3,929,300	4,542,200	4,764,200	3,888,100	3,985,700

The Division of Environmental Services, pursuant to KRS 224.10-100(7), provides the necessary laboratory services for characterizing, evaluating, and documenting the nature and extent of environmental pollutants in the Commonwealth. The Division's services support the regulatory, permitting, and enforcement efforts for air, water, and waste management activities, in addition to the investigation of spills and other environmental emergencies. The Division also certifies chemistry laboratories that test drinking water in Kentucky.

Environmental and Public Protection
Environmental Protection
Maxey Flats

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	485,100	544,600	567,000	493,800	500,300
Salary Compensation Fund	17,000				
Base Deduction	-21,100				
Total General Fund	481,000	544,600	567,000	493,800	500,300
Restricted Funds					
Non-Revenue Receipts				500,000	
Total Restricted Funds				500,000	
TOTAL SOURCE OF FUNDS	481,000	544,600	567,000	993,800	500,300
EXPENDITURES BY CLASS					
Personnel Cost	350,300	399,200	421,600	363,100	369,600
Operating Expenses	72,200	86,900	86,900	72,200	72,200
Grants, Loans or Benefits	58,500	58,500	58,500	58,500	58,500
Construction				500,000	
TOTAL EXPENDITURES	481,000	544,600	567,000	993,800	500,300
EXPENDITURES BY FUND SOURCE					
General Fund	481,000	544,600	567,000	493,800	500,300
Restricted Funds				500,000	
TOTAL EXPENDITURES	481,000	544,600	567,000	993,800	500,300

Maxey Flats, originally operated as a low-level nuclear waste disposal site, was closed in 1977. The Commonwealth of Kentucky assumed ownership and responsibility for the toxic site in 1978, and is responsible for long-term monitoring and maintenance activities of the site in perpetuity.

Policy

The Governor's recommended budget provides Restricted Funds of \$500,000 in fiscal year 2007 for the Deep Well Monitoring capital project. The deep wells project will determine if waste has or could migrate beyond site boundaries.

Environmental and Public Protection
Environmental Protection
Enforcement

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	561,100	1,734,100	1,842,200	981,700	1,011,500
Salary Compensation Fund	240,000				
Base Deduction	-34,700				
Total General Fund	766,400	1,734,100	1,842,200	981,700	1,011,500
Restricted Funds					
Non-Revenue Receipts	272,800	245,900	260,000	245,900	260,000
Total Restricted Funds	272,800	245,900	260,000	245,900	260,000
Federal Funds					
Current Receipts	511,400	302,300	302,300	302,300	302,300
Non-Revenue Receipts	-105,600	-36,700	-36,700	-36,700	-36,700
Total Federal Funds	405,800	265,600	265,600	265,600	265,600
TOTAL SOURCE OF FUNDS	1,445,000	2,245,600	2,367,800	1,493,200	1,537,100
EXPENDITURES BY CLASS					
Personnel Cost	1,298,000	2,075,100	2,203,600	1,356,800	1,392,700
Operating Expenses	147,000	170,500	164,200	136,400	144,400
TOTAL EXPENDITURES	1,445,000	2,245,600	2,367,800	1,493,200	1,537,100
EXPENDITURES BY FUND SOURCE					
General Fund	766,400	1,734,100	1,842,200	981,700	1,011,500
Restricted Funds	272,800	245,900	260,000	245,900	260,000
Federal Funds	405,800	265,600	265,600	265,600	265,600
TOTAL EXPENDITURES	1,445,000	2,245,600	2,367,800	1,493,200	1,537,100

The Division of Enforcement, pursuant to KRS 224.10-050, is responsible for effective and timely enforcement of Kentucky's environmental laws pertaining to air, waste and water. The Division carries out enforcement actions against corporations and individuals who are out of compliance with environmental law and/or regulations.

Environmental and Public Protection
Environmental Protection
Compliance Assistance

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	278,000	343,800	343,800		
Salary Compensation Fund	34,000				
Base Deduction	-173,300				
Total General Fund	138,700	343,800	343,800		
Restricted Funds					
Balance Forward	386,300	219,200	135,600	219,200	135,600
Current Receipts	141,500	159,300	171,100	159,300	171,100
Non-Revenue Receipts	219,800	276,700	291,700	169,800	143,800
Total Restricted Funds	747,600	655,200	598,400	548,300	450,500
Federal Funds					
Current Receipts	437,700	652,100	688,200	652,100	688,200
Non-Revenue Receipts	-99,300	-140,700	-150,300	-140,700	-150,300
Total Federal Funds	338,400	511,400	537,900	511,400	537,900
TOTAL SOURCE OF FUNDS	1,224,700	1,510,400	1,480,100	1,059,700	988,400
EXPENDITURES BY CLASS					
Personnel Cost	770,300	1,111,900	1,158,800	688,300	682,800
Operating Expenses	192,300	220,000	208,600	192,900	192,900
Grants, Loans or Benefits	42,900	42,900	42,900	42,900	42,900
TOTAL EXPENDITURES	1,005,500	1,374,800	1,410,300	924,100	918,600
EXPENDITURES BY FUND SOURCE					
General Fund	138,700	343,800	343,800		
Restricted Funds	528,400	519,600	528,600	412,700	380,700
Federal Funds	338,400	511,400	537,900	511,400	537,900
TOTAL EXPENDITURES	1,005,500	1,374,800	1,410,300	924,100	918,600

The Division of Compliance Assistance supports the Cabinet's environmental mission by: facilitating Brownfield redevelopment, certifying environmental professionals, enabling compliance assistance, and encouraging environmental leadership.

Environmental and Public Protection

Natural Resources

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	14,298,600	21,589,700	22,600,900	14,895,300	14,895,700
Salary Compensation Fund	597,100				
Base Deduction	-915,500				
Total General Fund	13,980,200	21,589,700	22,600,900	14,895,300	14,895,700
Tobacco Settlement-Phase I					
Tobacco Settlement - I	9,000,000	9,000,000	9,000,000	5,000,000	6,000,000
Continuing Appropriation	5,966,900				
Budget Reduction	-630,000				
Total Tobacco Settlement-Phase I	14,336,900	9,000,000	9,000,000	5,000,000	6,000,000
Restricted Funds					
Balance Forward	3,705,000	2,899,300	1,421,200	3,327,600	1,467,700
Current Receipts	2,649,200	2,733,100	2,733,100	2,733,100	2,733,100
Non-Revenue Receipts	3,480,300	1,658,600	1,820,100	1,111,300	1,768,300
Fund Transfers	-247,900				
Total Restricted Funds	9,586,600	7,291,000	5,974,400	7,172,000	5,969,100
Federal Funds					
Current Receipts	9,319,500	9,620,200	9,620,400	9,286,400	9,281,900
Non-Revenue Receipts	-153,200	-152,300	-152,500	-152,300	-152,500
Total Federal Funds	9,166,300	9,467,900	9,467,900	9,134,100	9,129,400
TOTAL SOURCE OF FUNDS	47,070,000	47,348,600	47,043,200	36,201,400	35,994,200
EXPENDITURES BY CLASS					
Personnel Cost	15,072,500	18,136,700	19,186,900	15,733,800	16,097,600
Operating Expenses	3,685,500	4,236,900	4,247,400	3,760,800	3,755,600
Grants, Loans or Benefits	23,965,700	21,910,600	21,792,500	14,539,100	15,358,400
Capital Outlay	1,018,700	1,643,200	1,667,000	700,000	700,000
TOTAL EXPENDITURES	43,742,400	45,927,400	46,893,800	34,733,700	35,911,600
EXPENDITURES BY FUND SOURCE					
General Fund	13,980,200	21,589,700	22,600,900	14,895,300	14,895,700
Tobacco Settlement-Phase I	14,336,900	9,000,000	9,000,000	5,000,000	6,000,000
Restricted Funds	6,259,000	5,869,800	5,825,000	5,704,300	5,886,500
Federal Funds	9,166,300	9,467,900	9,467,900	9,134,100	9,129,400
TOTAL EXPENDITURES	43,742,400	45,927,400	46,893,800	34,733,700	35,911,600
EXPENDITURES BY UNIT					
Commissioner	384,300	424,000	441,600	384,300	384,700
Forestry	17,754,200	22,193,800	22,978,600	17,834,400	18,083,300
Forest Fire Suppression	240,000	240,000	240,000	240,000	240,000
Technical and Administrative Support	1,109,300	1,403,700	1,468,000	1,298,600	1,323,000
Conservation	22,548,600	19,515,800	19,517,000	13,172,600	14,047,600
Oil and Gas	1,706,000	2,150,100	2,248,600	1,803,800	1,833,000
TOTAL EXPENDITURES	43,742,400	45,927,400	46,893,800	34,733,700	35,911,600

The Department for Natural Resources' mission is to preserve, protect, and enhance the Commonwealth's natural land resources.

**Environmental and Public Protection
Natural Resources
Commissioner**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	378,500	424,000	441,600	384,300	384,700
Salary Compensation Fund	6,200				
Base Deduction	-400				
Total General Fund	384,300	424,000	441,600	384,300	384,700
TOTAL SOURCE OF FUNDS	384,300	424,000	441,600	384,300	384,700
EXPENDITURES BY CLASS					
Personnel Cost	285,400	323,200	340,800	288,700	293,100
Operating Expenses	98,900	100,800	100,800	95,600	91,600
TOTAL EXPENDITURES	384,300	424,000	441,600	384,300	384,700
EXPENDITURES BY FUND SOURCE					
General Fund	384,300	424,000	441,600	384,300	384,700
TOTAL EXPENDITURES	384,300	424,000	441,600	384,300	384,700

The Office of the Commissioner provides leadership, policy direction and management for the Department for Natural Resources. The Office also provides administrative oversight for the Kentucky Heritage Land Conservation Fund Board, the Biodiversity Council, and the Forestry Best Management Practices Board.

Environmental and Public Protection
Natural Resources
Forestry

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,970,600	14,384,100	15,142,300	10,426,400	10,426,400
Salary Compensation Fund	455,800				
Base Deduction	-550,000				
Total General Fund	9,876,400	14,384,100	15,142,300	10,426,400	10,426,400
Restricted Funds					
Balance Forward	1,187,800	1,287,600	731,800	1,660,300	704,600
Current Receipts	1,188,000	1,351,500	1,351,500	1,351,500	1,351,500
Non-Revenue Receipts	2,005,900	196,500	196,500	-303,500	196,500
Fund Transfers	-247,900				
Total Restricted Funds	4,133,800	2,835,600	2,279,800	2,708,300	2,252,600
Federal Funds					
Current Receipts	5,550,800	5,852,400	5,852,400	5,550,800	5,550,800
Non-Revenue Receipts	-146,500	-146,500	-146,500	-146,500	-146,500
Total Federal Funds	5,404,300	5,705,900	5,705,900	5,404,300	5,404,300
TOTAL SOURCE OF FUNDS	19,414,500	22,925,600	23,128,000	18,539,000	18,083,300
EXPENDITURES BY CLASS					
Personnel Cost	10,778,000	12,919,800	13,696,100	11,132,600	11,383,700
Operating Expenses	2,841,000	3,290,300	3,299,900	2,877,800	2,875,600
Grants, Loans or Benefits	3,124,000	4,395,500	4,372,200	3,124,000	3,124,000
Capital Outlay	1,011,200	1,588,200	1,610,400	700,000	700,000
TOTAL EXPENDITURES	17,754,200	22,193,800	22,978,600	17,834,400	18,083,300
EXPENDITURES BY FUND SOURCE					
General Fund	9,876,400	14,384,100	15,142,300	10,426,400	10,426,400
Restricted Funds	2,473,500	2,103,800	2,130,400	2,003,700	2,252,600
Federal Funds	5,404,300	5,705,900	5,705,900	5,404,300	5,404,300
TOTAL EXPENDITURES	17,754,200	22,193,800	22,978,600	17,834,400	18,083,300

The Division of Forestry provides technical assistance on sound forest management practices to private woodland owners; acquires new state forest land and reforests idle or unproductive land. The Division protects the Commonwealth's 11.9 million acres of forest resources from forest fires, disease, and insects.

Policy

Notwithstanding KRS 149.280(2) and KRS 149.670, in fiscal year 2006 the Division of Forestry shall transfer \$247,900 in Restricted Funds to the credit of the General Fund.

Notwithstanding KRS 149.280(2) and KRS 149.670, in fiscal year 2007 the Division of Forestry shall transfer \$500,000 in Restricted Funds to the Department for Environmental Protection, Division of Maxey Flats for the Deep Well Monitoring System capital project.

Environmental and Public Protection**Natural Resources****Forest Fire Suppression**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	240,000	240,000	240,000	240,000	240,000
Total General Fund	240,000	240,000	240,000	240,000	240,000
TOTAL SOURCE OF FUNDS	240,000	240,000	240,000	240,000	240,000
EXPENDITURES BY CLASS					
Personnel Cost	240,000	240,000	240,000	240,000	240,000
TOTAL EXPENDITURES	240,000	240,000	240,000	240,000	240,000
EXPENDITURES BY FUND SOURCE					
General Fund	240,000	240,000	240,000	240,000	240,000
TOTAL EXPENDITURES	240,000	240,000	240,000	240,000	240,000

The Division of Forestry, pursuant to KRS 149.010, provides for organized fire protection. Nine Division of Forestry districts perform wildland fire detection, suppression and law enforcement activities. The Division supplements its fire suppression capacity by training and equipping rural fire departments. The Division also uses Department of Corrections crews and Kentucky National Guard personnel and equipment during fire emergencies.

Policy

General Fund baseline resources of \$240,000 annually are provided to the Division for emergency fire suppression costs. Language contained in the appropriations bill declares that expenditures in excess of this amount are eligible for "necessary governmental expense" funds to be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund (KRS 48.705).

**Environmental and Public Protection
Natural Resources
Technical and Administrative Support**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	257,800	350,000	400,400	290,900	290,900
Salary Compensation Fund	33,100				
Base Deduction	-128,200				
Total General Fund	162,700	350,000	400,400	290,900	290,900
Restricted Funds					
Balance Forward	254,500	147,400		165,000	16,300
Non-Revenue Receipts	857,100	906,300	1,067,600	859,000	1,015,800
Total Restricted Funds	1,111,600	1,053,700	1,067,600	1,024,000	1,032,100
TOTAL SOURCE OF FUNDS	1,274,300	1,403,700	1,468,000	1,314,900	1,323,000
EXPENDITURES BY CLASS					
Personnel Cost	933,900	1,213,100	1,276,500	1,121,400	1,144,800
Operating Expenses	175,400	190,600	191,500	177,200	178,200
TOTAL EXPENDITURES	1,109,300	1,403,700	1,468,000	1,298,600	1,323,000
EXPENDITURES BY FUND SOURCE					
General Fund	162,700	350,000	400,400	290,900	290,900
Restricted Funds	946,600	1,053,700	1,067,600	1,007,700	1,032,100
TOTAL EXPENDITURES	1,109,300	1,403,700	1,468,000	1,298,600	1,323,000

The Office of Technical and Administrative Support, pursuant to KRS 224.10-020, provides both administrative and technical support to all divisions and programs in the Department for Natural Resources. The Office is responsible for the development, coordination and implementation of all administrative processes within the Department including fiscal affairs, human resources, property management, purchasing, state and federal program administration. The Office also provides technical expertise to develop and implement state and federal regulations relating to surface mining, abandoned mine lands, oil and gas conservation, mine safety, forestry and conservation. The Office also coordinates information technology processes and applications within the Department in accordance with cabinet, state and federal guidelines. The Kentucky Heritage Land Conservation Fund is attached to and administered by the Office pursuant to KRS 146.570.

Environmental and Public Protection
Natural Resources
Conservation

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,440,100	4,849,300	4,940,600	2,504,200	2,504,200
Salary Compensation Fund	64,100				
Base Deduction	-85,900				
Total General Fund	2,418,300	4,849,300	4,940,600	2,504,200	2,504,200
Tobacco Settlement-Phase I					
Tobacco Settlement - I	9,000,000	9,000,000	9,000,000	5,000,000	6,000,000
Continuing Appropriation	5,966,900				
Budget Reduction	-630,000				
Total Tobacco Settlement-Phase I	14,336,900	9,000,000	9,000,000	5,000,000	6,000,000
Restricted Funds					
Balance Forward	1,948,600	1,253,100	581,400	1,291,100	585,300
Current Receipts	756,600	677,000	677,000	677,000	677,000
Non-Revenue Receipts	617,300	555,800	556,000	555,800	556,000
Total Restricted Funds	3,322,500	2,485,900	1,814,400	2,523,900	1,818,300
Federal Funds					
Current Receipts	3,768,700	3,767,800	3,768,000	3,735,600	3,731,100
Non-Revenue Receipts	-6,700	-5,800	-6,000	-5,800	-6,000
Total Federal Funds	3,762,000	3,762,000	3,762,000	3,729,800	3,725,100
TOTAL SOURCE OF FUNDS	23,839,700	20,097,200	19,517,000	13,757,900	14,047,600
EXPENDITURES BY CLASS					
Personnel Cost	1,479,200	1,769,400	1,865,400	1,528,400	1,584,100
Operating Expenses	227,700	231,300	231,300	229,100	229,100
Grants, Loans or Benefits	20,841,700	17,515,100	17,420,300	11,415,100	12,234,400
TOTAL EXPENDITURES	22,548,600	19,515,800	19,517,000	13,172,600	14,047,600
EXPENDITURES BY FUND SOURCE					
General Fund	2,418,300	4,849,300	4,940,600	2,504,200	2,504,200
Tobacco Settlement-Phase I	14,336,900	9,000,000	9,000,000	5,000,000	6,000,000
Restricted Funds	2,031,400	1,904,500	1,814,400	1,938,600	1,818,300
Federal Funds	3,762,000	3,762,000	3,762,000	3,729,800	3,725,100
TOTAL EXPENDITURES	22,548,600	19,515,800	19,517,000	13,172,600	14,047,600

The Division of Conservation provides assistance to Kentucky's 121 conservation districts in the development and implementation of sound conservation programs to protect, enhance, and develop the Commonwealth's natural resources. The Division also develops educational activities; provides local conservation districts with financial assistance and equipment loans for conservation and water quality-related work on Kentucky lands; and provides administrative services to the State Soil and Water Conservation Commission. The Division also administers the Soil Conservation Technical Assistance program.

Policy

Phase I Tobacco Settlement Funds of \$5,000,000 in fiscal year 2007 and \$6,000,000 in fiscal year 2008 are provided for the state share of the Environmental Stewardship Program.

Environmental and Public Protection**Natural Resources****Oil and Gas**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,011,600	1,342,300	1,436,000	1,049,500	1,049,500
Salary Compensation Fund	37,900				
Base Deduction	-151,000				
Total General Fund	898,500	1,342,300	1,436,000	1,049,500	1,049,500
Restricted Funds					
Balance Forward	314,100	211,200	108,000	211,200	161,500
Current Receipts	704,600	704,600	704,600	704,600	704,600
Total Restricted Funds	1,018,700	915,800	812,600	915,800	866,100
TOTAL SOURCE OF FUNDS	1,917,200	2,258,100	2,248,600	1,965,300	1,915,600
EXPENDITURES BY CLASS					
Personnel Cost	1,356,000	1,671,200	1,768,100	1,422,700	1,451,900
Operating Expenses	342,500	423,900	423,900	381,100	381,100
Capital Outlay	7,500	55,000	56,600		
TOTAL EXPENDITURES	1,706,000	2,150,100	2,248,600	1,803,800	1,833,000
EXPENDITURES BY FUND SOURCE					
General Fund	898,500	1,342,300	1,436,000	1,049,500	1,049,500
Restricted Funds	807,500	807,800	812,600	754,300	783,500
TOTAL EXPENDITURES	1,706,000	2,150,100	2,248,600	1,803,800	1,833,000

The Division of Oil and Gas, pursuant to KRS Chapter 353, is responsible for the conservation of oil and gas resources of the Commonwealth and for the protection of correlative rights of mineral owners. The Division's mission is to prevent waste and unnecessary loss, to encourage the maximum recovery of oil and gas, to promote safety, and to prevent contamination of underground water resources. The Division is also charged with the collection of geological data obtained from the drilling of oil and gas wells for deposit in the Kentucky Geological Survey whose records are for public use. The Division also plugs abandoned wells.

**Environmental and Public Protection
Mine Reclamation and Enforcement**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,295,000	11,692,500	12,322,100	10,651,900	10,828,200
Salary Compensation Fund	179,000				
Base Deduction	-812,400				
Total General Fund	9,661,600	11,692,500	12,322,100	10,651,900	10,828,200
Restricted Funds					
Balance Forward	32,871,600	30,301,300	27,846,800	1,261,000	610,100
Current Receipts	161,000	1,814,200	1,956,400	161,200	161,400
Non-Revenue Receipts	-27,275,100	208,300	128,600	3,115,800	2,834,500
Total Restricted Funds	5,757,500	32,323,800	29,931,800	4,538,000	3,606,000
Federal Funds					
Current Receipts	17,875,400	20,349,400	21,298,700	19,332,800	19,931,400
Non-Revenue Receipts	-995,900	-1,018,400	-1,059,900	-1,018,400	-1,059,900
Total Federal Funds	16,879,500	19,331,000	20,238,800	18,314,400	18,871,500
TOTAL SOURCE OF FUNDS	32,298,600	63,347,300	62,492,700	33,504,300	33,305,700
EXPENDITURES BY CLASS					
Personnel Cost	24,458,300	28,638,700	29,984,300	26,285,900	26,677,300
Operating Expenses	3,497,400	3,689,900	3,689,900	3,518,900	3,518,900
Grants, Loans or Benefits	1,849,400	1,961,900	1,997,000	1,961,900	1,997,000
Capital Outlay	1,232,500	1,210,000	1,190,700	1,127,500	1,112,500
TOTAL EXPENDITURES	31,037,600	35,500,500	36,861,900	32,894,200	33,305,700
EXPENDITURES BY FUND SOURCE					
General Fund	9,661,600	11,692,500	12,322,100	10,651,900	10,828,200
Restricted Funds	4,496,500	4,477,000	4,301,000	3,927,900	3,606,000
Federal Funds	16,879,500	19,331,000	20,238,800	18,314,400	18,871,500
TOTAL EXPENDITURES	31,037,600	35,500,500	36,861,900	32,894,200	33,305,700
EXPENDITURES BY UNIT					
Permits	8,191,400	9,824,900	10,200,000	9,150,500	9,263,900
Bond Pool Fund	108,100	149,600	131,200	138,800	115,500
Mine Reclamation and Enforcement	12,615,400	14,798,700	15,474,500	13,380,300	13,585,000
Abandoned Mine Lands	9,811,700	10,416,300	10,745,300	9,913,600	10,030,400
Bond Pool Reclamation Fund	311,000	311,000	310,900	311,000	310,900
TOTAL EXPENDITURES	31,037,600	35,500,500	36,861,900	32,894,200	33,305,700

The mission of the Division of Mine Reclamation and Enforcement, pursuant to KRS 350, is to protect the public and minimize the environmental effects of surface mining and the surface effects of underground mining.

**Environmental and Public Protection
Mine Reclamation and Enforcement**

Permits

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,112,800	4,445,700	4,604,600	4,108,500	4,136,500
Salary Compensation Fund	67,300				
Base Deduction	-341,600				
Total General Fund	3,838,500	4,445,700	4,604,600	4,108,500	4,136,500
Restricted Funds					
Balance Forward	226,500	6,100		6,100	
Current Receipts	13,000	13,000	13,000	13,000	13,000
Non-Revenue Receipts	-149,000	-19,100	-13,000	-19,100	-13,000
Total Restricted Funds	90,500				
Federal Funds					
Current Receipts	4,507,100	5,611,000	5,838,700	5,273,800	5,370,700
Non-Revenue Receipts	-238,600	-231,800	-243,300	-231,800	-243,300
Total Federal Funds	4,268,500	5,379,200	5,595,400	5,042,000	5,127,400
TOTAL SOURCE OF FUNDS	8,197,500	9,824,900	10,200,000	9,150,500	9,263,900
EXPENDITURES BY CLASS					
Personnel Cost	6,556,300	8,130,500	8,504,600	7,517,100	7,629,500
Operating Expenses	857,100	925,400	925,400	864,400	864,400
Grants, Loans or Benefits	708,000	709,000	710,000	709,000	710,000
Capital Outlay	70,000	60,000	60,000	60,000	60,000
TOTAL EXPENDITURES	8,191,400	9,824,900	10,200,000	9,150,500	9,263,900
EXPENDITURES BY FUND SOURCE					
General Fund	3,838,500	4,445,700	4,604,600	4,108,500	4,136,500
Restricted Funds	84,400				
Federal Funds	4,268,500	5,379,200	5,595,400	5,042,000	5,127,400
TOTAL EXPENDITURES	8,191,400	9,824,900	10,200,000	9,150,500	9,263,900

The Division of Permits, pursuant to KRS 350 and 405 KAR 8:010, reviews all surface mining permit applications in accordance with the Kentucky law and federal Surface Mining Control and Reclamation Act. The Division, pursuant to KRS 350.450, administers the federal Small Operator Assistance Program (SOAP) and; pursuant to KRS 350.610, the Lands Unsuitable for Mining program. The Division, pursuant to KRS 350.060(13) and 405 KAR Chapter 5, also reviews underground mining applications to determine the surface effects of such operations.

Policy

Included in the above General Fund appropriation is \$675,000 in each fiscal year of the biennium for the return of permit and acreage fees under KRS 350.139. Any required expenditure for this purpose in excess of this amount in either fiscal year is appropriated to the Department as a necessary government expense or through a current year appropriation.

**Environmental and Public Protection
Mine Reclamation and Enforcement
Mine Reclamation and Enforcement**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,182,200	7,246,800	7,717,500	6,543,400	6,691,700
Salary Compensation Fund	111,700				
Base Deduction	-470,800				
Total General Fund	5,823,100	7,246,800	7,717,500	6,543,400	6,691,700
Restricted Funds					
Balance Forward	611,800	616,000	275,900	616,000	311,500
Current Receipts	134,800	134,800	134,800	134,800	134,800
Non-Revenue Receipts	211,000	-133,600	-237,400	-133,600	-237,400
Total Restricted Funds	957,600	617,200	173,300	617,200	208,900
Federal Funds					
Current Receipts	6,861,700	7,636,200	8,021,300	6,956,800	7,122,000
Non-Revenue Receipts	-411,000	-425,600	-437,600	-425,600	-437,600
Total Federal Funds	6,450,700	7,210,600	7,583,700	6,531,200	6,684,400
TOTAL SOURCE OF FUNDS	13,231,400	15,074,600	15,474,500	13,691,800	13,585,000
EXPENDITURES BY CLASS					
Personnel Cost	9,644,400	11,746,000	12,426,000	10,520,100	10,724,700
Operating Expenses	1,785,000	1,904,200	1,904,200	1,794,200	1,794,200
Grants, Loans or Benefits	308,500	308,500	308,600	308,500	308,600
Capital Outlay	877,500	840,000	835,700	757,500	757,500
TOTAL EXPENDITURES	12,615,400	14,798,700	15,474,500	13,380,300	13,585,000
EXPENDITURES BY FUND SOURCE					
General Fund	5,823,100	7,246,800	7,717,500	6,543,400	6,691,700
Restricted Funds	341,600	341,300	173,300	305,700	208,900
Federal Funds	6,450,700	7,210,600	7,583,700	6,531,200	6,684,400
TOTAL EXPENDITURES	12,615,400	14,798,700	15,474,500	13,380,300	13,585,000

The Division of Mine Reclamation and Enforcement, pursuant to KRS 350, develops policies and procedures for reclamation and enforcement programs in coal and non-coal minerals. The Division reviews permit applications for non-coal mineral operations pursuant to KRS 350.028 and 405 KAR 5:032. The Division conducts inspection programs to carry out these policies and procedures in accordance with applicable federal and state statutes.

Policy

In each fiscal year of the biennium, resources are provided to address needs related to non-coal activities, including limestone, sand, and gravel quarries.

**Environmental and Public Protection
Mine Reclamation and Enforcement
Abandoned Mine Lands**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	13,900,900	11,206,500	8,638,800	217,000	87,700
Current Receipts	13,200	746,400	746,600	13,400	13,600
Non-Revenue Receipts	-10,045,700	361,000	379,000	3,029,700	2,869,400
Total Restricted Funds	3,868,400	12,313,900	9,764,400	3,260,100	2,970,700
Federal Funds					
Current Receipts	6,506,600	7,102,200	7,438,700	7,102,200	7,438,700
Non-Revenue Receipts	-346,300	-361,000	-379,000	-361,000	-379,000
Total Federal Funds	6,160,300	6,741,200	7,059,700	6,741,200	7,059,700
TOTAL SOURCE OF FUNDS	10,028,700	19,055,100	16,824,100	10,001,300	10,030,400
EXPENDITURES BY CLASS					
Personnel Cost	7,842,000	8,306,100	8,616,100	7,803,400	7,901,200
Operating Expenses	851,800	855,800	855,800	855,800	855,800
Grants, Loans or Benefits	832,900	944,400	978,400	944,400	978,400
Capital Outlay	285,000	310,000	295,000	310,000	295,000
TOTAL EXPENDITURES	9,811,700	10,416,300	10,745,300	9,913,600	10,030,400
EXPENDITURES BY FUND SOURCE					
Restricted Funds	3,651,400	3,675,100	3,685,600	3,172,400	2,970,700
Federal Funds	6,160,300	6,741,200	7,059,700	6,741,200	7,059,700
TOTAL EXPENDITURES	9,811,700	10,416,300	10,745,300	9,913,600	10,030,400

The Division of Abandoned Mine Lands administers abandoned or unreclaimed land reclamation activities on previously surface-mined land or land used in connection with surface mining under Title IV of Public Law 95-87 and/or KRS 350.550 to KRS 350.597.

Federal funds for this program are provided from federal tax levies imposed under Public Law 95-87 on all coal mined since August 3, 1977. Approximately 150,000 acres of abandoned mine lands in Kentucky are eligible for reclamation. All state and partial federal project contracts are administered by this agency.

Policy

Forfeited bonds and associated income held in escrow, pursuant to KRS 350.139, have been moved to an off-budget interest-bearing account for administrative and budgetary purposes and are not included in the above restricted fund appropriation.

**Environmental and Public Protection
Mine Reclamation and Enforcement
Bond Pool Fund**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	17,699,500	18,050,800	18,721,200		
Current Receipts		920,000	1,062,000		
Non-Revenue Receipts	-17,591,400	-100,000	-100,000	138,800	115,500
Total Restricted Funds	108,100	18,870,800	19,683,200	138,800	115,500
TOTAL SOURCE OF FUNDS	108,100	18,870,800	19,683,200	138,800	115,500
EXPENDITURES BY CLASS					
Personnel Cost	104,600	145,100	126,700	134,300	111,000
Operating Expenses	3,500	4,500	4,500	4,500	4,500
TOTAL EXPENDITURES	108,100	149,600	131,200	138,800	115,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	108,100	149,600	131,200	138,800	115,500
TOTAL EXPENDITURES	108,100	149,600	131,200	138,800	115,500

The Bond Pool Fund, pursuant to KRS 350.700, provides an alternative bonding source for permittees of a surface coal mining operations in Kentucky. Program participants must meet the criteria set forth in KRS 350.720 and 405 KAR 10:200. A seven-member Bond Pool Commission, pursuant to KRS 350.705, reviews and approves applications for bonding under the Bond Pool Fund.

Policy

Cash held in escrow for the Bond Pool Fund, pursuant to KRS 350.700(3), has been moved to an off-budget interest-bearing account for administrative and budgetary purposes and is not included in the above restricted fund appropriation.

**Environmental and Public Protection
Mine Reclamation and Enforcement
Bond Pool Reclamation Fund**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	432,900	421,900	210,900	421,900	210,900
Non-Revenue Receipts	300,000	100,000	100,000	100,000	100,000
Total Restricted Funds	732,900	521,900	310,900	521,900	310,900
TOTAL SOURCE OF FUNDS	732,900	521,900	310,900	521,900	310,900
EXPENDITURES BY CLASS					
Personnel Cost	311,000	311,000	310,900	311,000	310,900
TOTAL EXPENDITURES	311,000	311,000	310,900	311,000	310,900
EXPENDITURES BY FUND SOURCE					
Restricted Funds	311,000	311,000	310,900	311,000	310,900
TOTAL EXPENDITURES	311,000	311,000	310,900	311,000	310,900

The Abandoned Mine Lands Bond Pool Reclamation Fund, pursuant to KRS 350.595, provides additional moneys necessary to reclaim permitted mine areas. In the event that an entire bond is not needed to complete the required reclamation on a permit, the remaining balance is deposited into the Fund.

**Environmental and Public Protection
Abandoned Mine Land Reclamation Projects**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
Federal Funds					
Current Receipts	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000
Total Federal Funds	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000
TOTAL SOURCE OF FUNDS	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	12,300,000	10,500,000	10,500,000	10,500,000	10,500,000
Construction	9,700,000	11,500,000	11,500,000	11,500,000	11,500,000
TOTAL EXPENDITURES	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000
EXPENDITURES BY FUND SOURCE					
Federal Funds	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000
TOTAL EXPENDITURES	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000

The Abandoned Mine Lands (AML) Reclamation Projects program in the Department for Natural Resources receives 100 percent federal funding for the reclamation of certain mine sites that have been abandoned or left unreclaimed under Title IV of Public Law 95-87 or KRS 350. If the Commonwealth does not maintain an approved AML Reclamation program, federal funds allocated for reclamation projects within Kentucky may be reallocated to other coal-producing states. The Department reclaims abandoned mine sites through a priority ranking system based on human health and safety considerations.

**Environmental and Public Protection
Environmental Quality Commission**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	150,000	278,500	289,600		
Salary Compensation Fund	4,200				
Base Deduction	-111,200				
Total General Fund	43,000	278,500	289,600		
Restricted Funds					
Balance Forward	21,900			9,500	
Non-Revenue Receipts	86,600			257,100	263,800
Total Restricted Funds	108,500			266,600	263,800
TOTAL SOURCE OF FUNDS	151,500	278,500	289,600	266,600	263,800
EXPENDITURES BY CLASS					
Personnel Cost	109,800	238,700	252,600	228,300	231,500
Operating Expenses	32,200	39,800	37,000	38,300	32,300
TOTAL EXPENDITURES	142,000	278,500	289,600	266,600	263,800
EXPENDITURES BY FUND SOURCE					
General Fund	43,000	278,500	289,600		
Restricted Funds	99,000			266,600	263,800
TOTAL EXPENDITURES	142,000	278,500	289,600	266,600	263,800

Pursuant to KRS 224.01-100 to 224.01-115, the Environmental Quality Commission is an independent citizen board with seven members representing various interests and geographic areas of the state. The Commission advises the Governor and the Environmental and Public Protection Cabinet on environmental rules, regulations, policies, plans, and procedures. The Commission also serves as a public forum for the exchange of views, concerns, information, and recommendations relating to the quality of the natural environment.

The Environmental Quality Commission is administratively attached to the Environmental and Public Protection Cabinet's Office of the Secretary. The Secretary, with the approval of the Commissioners of the Environmental Quality Commission, may employ a director and other necessary Commission staff who shall serve at the pleasure of the Commission and the Secretary.

Policy

Restricted Funds of \$257,100 in fiscal year 2007 and \$263,800 in fiscal year 2008 are provided through the Office of Communications and Public Outreach.

**Environmental and Public Protection
Kentucky Nature Preserves Commission**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,049,300	1,402,100	1,482,800	1,091,500	1,091,500
Salary Compensation Fund	42,200				
Base Deduction	-83,900				
Total General Fund	1,007,600	1,402,100	1,482,800	1,091,500	1,091,500
Restricted Funds					
Balance Forward	714,200	635,500	483,000	635,500	517,200
Current Receipts	193,500	179,700	179,700	179,700	179,700
Non-Revenue Receipts	80,900	80,900	80,900	80,900	80,900
Total Restricted Funds	988,600	896,100	743,600	896,100	777,800
Federal Funds					
Current Receipts	155,400	60,000	60,000	60,000	60,000
Non-Revenue Receipts	-5,000	-5,000	-5,000	-5,000	-5,000
Total Federal Funds	150,400	55,000	55,000	55,000	55,000
TOTAL SOURCE OF FUNDS	2,146,600	2,353,200	2,281,400	2,042,600	1,924,300
EXPENDITURES BY CLASS					
Personnel Cost	1,211,500	1,465,000	1,545,700	1,249,800	1,273,700
Operating Expenses	218,600	309,200	309,200	217,300	217,300
Grants, Loans or Benefits	36,000	32,000	32,000	32,000	32,000
Capital Outlay		64,000	64,000	26,300	26,300
Construction	45,000				
TOTAL EXPENDITURES	1,511,100	1,870,200	1,950,900	1,525,400	1,549,300
EXPENDITURES BY FUND SOURCE					
General Fund	1,007,600	1,402,100	1,482,800	1,091,500	1,091,500
Restricted Funds	353,100	413,100	413,100	378,900	402,800
Federal Funds	150,400	55,000	55,000	55,000	55,000
TOTAL EXPENDITURES	1,511,100	1,870,200	1,950,900	1,525,400	1,549,300

Pursuant to KRS 146.410-146.530, the Kentucky State Nature Preserves Commission's mission is two-fold: to inventory the Commonwealth for its natural diversity, including its plants, animal life, biological communities, and areas of natural significance; and to protect these natural features by establishing a system of nature preserves. Pursuant to KRS 224.10-022, the Commission is attached to the Environmental and Public Protection Cabinet's Office of the Secretary.

Acquisition and management funds for the agency are derived through a tax refund check-off system under KRS 141.450-141.480, through gifts, grants, devises and bequests pursuant to KRS 146.465 and through allocations from the Kentucky Heritage Land Conservation Fund pursuant to KRS 146.570. The Commission, together with the Kentucky Department of Fish and Wildlife Resources, shares equally the receipts generated by the Non-game Species Protection and Habitat Acquisition program.

Environmental and Public Protection**Public Protection Commissioner**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	279,800			56,300	42,900
Non-Revenue Receipts	1,233,100	1,579,400	1,622,100	1,350,300	1,336,600
Fund Transfers	-400,000			-175,000	-150,000
Total Restricted Funds	1,112,900	1,579,400	1,622,100	1,231,600	1,229,500
TOTAL SOURCE OF FUNDS	1,112,900	1,579,400	1,622,100	1,231,600	1,229,500
EXPENDITURES BY CLASS					
Personnel Cost	745,900	1,057,200	1,113,600	811,400	824,600
Operating Expenses	310,700	477,200	483,500	342,300	343,800
Capital Outlay		45,000	25,000	35,000	25,000
TOTAL EXPENDITURES	1,056,600	1,579,400	1,622,100	1,188,700	1,193,400
EXPENDITURES BY FUND SOURCE					
Restricted Funds	1,056,600	1,579,400	1,622,100	1,188,700	1,193,400
TOTAL EXPENDITURES	1,056,600	1,579,400	1,622,100	1,188,700	1,193,400

The Commissioner's Office provides the coordination and direction for planning and management of the agencies within and attached to the Public Protection Department. The Commissioner guides Departmental agencies in policy and program implementation and is responsible for operating each agency in the most efficient and cost effective manner possible while maintaining a high quality of service to the businesses, trades, and professionals it licenses and regulates, as well as the general public.

Environmental and Public Protection**Boxing and Wrestling Authority**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	85,100	59,800	34,500	59,800	34,500
Current Receipts	74,700	74,700	74,700	74,700	74,700
Total Restricted Funds	159,800	134,500	109,200	134,500	109,200
TOTAL SOURCE OF FUNDS	159,800	134,500	109,200	134,500	109,200
EXPENDITURES BY CLASS					
Personnel Cost	62,900	92,800	92,800	92,800	92,800
Operating Expenses	37,100	7,200	7,200	7,200	7,200
TOTAL EXPENDITURES	100,000	100,000	100,000	100,000	100,000
EXPENDITURES BY FUND SOURCE					
Restricted Funds	100,000	100,000	100,000	100,000	100,000
TOTAL EXPENDITURES	100,000	100,000	100,000	100,000	100,000

The Boxing and Wrestling Authority, pursuant to KRS Chapter 229, is sole authority over professional boxing and wrestling in Kentucky. The five-member board directs, manages and controls all professional boxing, sparring, and wrestling matches or exhibitions. Moreover, the authority has jurisdiction over all licenses to hold boxing, sparring, or wrestling matches or exhibitions for prizes or purses or where an admission fee is received and over all licenses and all persons who participate in the boxing, sparring or wrestling matches, or exhibitions. The Authority licenses contestants, wrestlers or boxers, judges, managers, physicians, referees, timekeepers, and trainers. The Authority is an independent agency that is attached to the Department for Public Protection for administrative purposes only.

**Environmental and Public Protection
Petroleum Storage Tank Environmental Assurance Fund**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation					3,479,000
Total General Fund					3,479,000
Restricted Funds					
Balance Forward	23,005,500	5,529,800	21,842,000		
Current Receipts	1,061,800	245,000	545,000	1,061,800	1,061,800
Non-Revenue Receipts	69,100,000	45,501,200	45,941,200	70,100,000	45,780,000
Fund Transfers	-64,097,900			-41,997,300	-17,564,100
Total Restricted Funds	29,069,400	51,276,000	68,328,200	29,164,500	29,277,700
TOTAL SOURCE OF FUNDS	29,069,400	51,276,000	68,328,200	29,164,500	32,756,700
EXPENDITURES BY CLASS					
Personnel Cost	3,215,700	3,589,800	3,793,900	3,317,600	3,430,400
Operating Expenses	25,353,700	25,344,200	25,344,800	25,346,900	25,347,300
Debt Service					3,479,000
Construction	500,000	500,000	500,000	500,000	500,000
TOTAL EXPENDITURES	29,069,400	29,434,000	29,638,700	29,164,500	32,756,700
EXPENDITURES BY FUND SOURCE					
General Fund					3,479,000
Restricted Funds	29,069,400	29,434,000	29,638,700	29,164,500	29,277,700
TOTAL EXPENDITURES	29,069,400	29,434,000	29,638,700	29,164,500	32,756,700

The Petroleum Storage Tank Environmental Assurance Fund (PSTEAF), pursuant to KRS Chapter 224.60, assists owners and operators of underground storage tanks to meet federal environmental mandates and provides reimbursement for eligible clean-up costs and third party damages in the event of a release into the environment. Pursuant to KRS 224.60-130, the Fund is managed by the Department for Environmental Protection, Division of Waste Management.

Policy

Notwithstanding KRS 224.60-140 to KRS 224.60-155, the PSTEAF shall transfer \$626,500 in fiscal year 2006, \$41,997,300 in fiscal year 2007 and \$17,564,100 in fiscal year 2008 to the General Fund.

Included within the General Fund appropriation in fiscal year 2008 is \$3,479,000 for debt service to support bond funds in the amount of \$25 million. These bond funds are included within the operating budget in fiscal year 2007 as Restricted Funds and will be used to make PSTEAF claim payments.

Environmental and Public Protection
Alcoholic Beverage Control

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,380,800	1,515,700	1,562,100	1,441,400	1,058,600
Salary Compensation Fund	60,600				
Total General Fund	1,441,400	1,515,700	1,562,100	1,441,400	1,058,600
Restricted Funds					
Balance Forward	1,772,400	2,193,100	2,109,000	30,600	39,200
Current Receipts	4,919,900	5,144,900	5,318,300	5,144,900	5,318,300
Non-Revenue Receipts	-120,700	-722,300	-730,400	-722,300	-730,400
Fund Transfers	-3,011,700			-836,200	-457,600
Total Restricted Funds	3,559,900	6,615,700	6,696,900	3,617,000	4,169,500
TOTAL SOURCE OF FUNDS	5,001,300	8,131,400	8,259,000	5,058,400	5,228,100
EXPENDITURES BY CLASS					
Personnel Cost	4,195,600	4,722,600	4,970,500	4,196,900	4,281,300
Operating Expenses	775,100	1,243,800	1,208,500	822,300	908,900
Capital Outlay		56,000			
TOTAL EXPENDITURES	4,970,700	6,022,400	6,179,000	5,019,200	5,190,200
EXPENDITURES BY FUND SOURCE					
General Fund	1,441,400	1,515,700	1,562,100	1,441,400	1,058,600
Restricted Funds	3,529,300	4,506,700	4,616,900	3,577,800	4,131,600
TOTAL EXPENDITURES	4,970,700	6,022,400	6,179,000	5,019,200	5,190,200
EXPENDITURES BY UNIT					
Administration, Enforcement and License	4,598,600	5,658,900	5,815,500	4,655,700	4,826,700
Tobacco Enforcement	372,100	363,500	363,500	363,500	363,500
TOTAL EXPENDITURES	4,970,700	6,022,400	6,179,000	5,019,200	5,190,200

The Office of Alcoholic Beverage Control (ABC), pursuant to KRS Chapters 241-244, enforces laws relating to the manufacture, sale, transportation, storage, and advertising of alcoholic beverages. The agency does not collect taxes.

The Executive Director of the Office serves as both the agency's administrative officer and the Chairman of the Alcoholic Beverage Control Board, which also includes the administrators of the Malt Beverage and Distilled Spirits divisions. The Governor appoints all three.

In exercising its quasi-judicial authority, the ABC Board may suspend, revoke, or cancel for cause, after hearing, any license issued relating to violation of alcoholic beverage laws. The ABC Board also conducts hearings for and appeals from an applicant whose license is refused by city or county administrators.

The Office has enforcement officers assigned throughout the state who conduct investigations, make regular inspections, and otherwise monitor compliance with ABC laws.

The Department implements laws relating to the sale and use of tobacco products.

Policy

Included in the above General Fund appropriation is \$258,600 in each year of the biennium to carry out the provisions of KRS 438.337 relating to regulation and enforcement of tobacco sales to minors.

Notwithstanding KRS 243.025(3), the Office of Alcoholic Beverage Control shall transfer Restricted Funds in the amounts of \$3,011,700 in fiscal year 2006; \$836,200 in fiscal year 2007 and \$457,600 in fiscal year 2008 to the General Fund.

**Environmental and Public Protection
Charitable Gaming**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	2,767,400	2,404,100	1,350,700	1,841,400	1,447,200
Current Receipts	3,106,800	3,079,600	3,079,600	3,079,600	3,079,600
Non-Revenue Receipts		-110,000	-135,000	-174,200	-200,900
Fund Transfers	-1,100,000				
Total Restricted Funds	4,774,200	5,373,700	4,295,300	4,746,800	4,325,900
TOTAL SOURCE OF FUNDS	4,774,200	5,373,700	4,295,300	4,746,800	4,325,900
EXPENDITURES BY CLASS					
Personnel Cost	2,392,500	3,160,900	3,342,600	2,576,700	2,620,300
Operating Expenses	540,300	862,100	862,100	722,900	722,900
TOTAL EXPENDITURES	2,932,800	4,023,000	4,204,700	3,299,600	3,343,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	2,932,800	4,023,000	4,204,700	3,299,600	3,343,200
TOTAL EXPENDITURES	2,932,800	4,023,000	4,204,700	3,299,600	3,343,200

The Office of Charitable Gaming, pursuant to KRS Chapter 238, is charged with the licensure and regulation of charitable organizations conducting gaming in the Commonwealth. The agency performs inspections, issues licenses, and conducts audits of charitable gaming establishments.

Policy

Notwithstanding KRS 238.570(2), the Office of Charitable Gaming shall transfer Restricted Funds in the amount of \$1,100,000 in fiscal year 2006 to the General Fund.

**Environmental and Public Protection
Board of Claims/Crime Victims' Compensation Board**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	813,000	911,200	930,900	848,000	848,000
Continuing Appropriation				88,000	44,000
Salary Compensation Fund	35,000				
Total General Fund	848,000	911,200	930,900	936,000	892,000
Restricted Funds					
Balance Forward	1,073,300	800,400	343,700	746,900	397,700
Current Receipts	1,806,100	1,770,000	1,770,000	1,770,000	1,770,000
Non-Revenue Receipts	-31,400	-45,000	-45,000		
Total Restricted Funds	2,848,000	2,525,400	2,068,700	2,516,900	2,167,700
Federal Funds					
Current Receipts	540,100	540,100	540,100	540,100	540,100
Total Federal Funds	540,100	540,100	540,100	540,100	540,100
TOTAL SOURCE OF FUNDS	4,236,100	3,976,700	3,539,700	3,993,000	3,599,800
EXPENDITURES BY CLASS					
Personnel Cost	1,051,200	1,231,000	1,291,500	1,123,900	1,140,900
Operating Expenses	2,131,000	2,202,000	2,048,200	2,183,400	2,044,600
Grants, Loans or Benefits	219,000	200,000	200,000	244,000	244,000
TOTAL EXPENDITURES	3,401,200	3,633,000	3,539,700	3,551,300	3,429,500
EXPENDITURES BY FUND SOURCE					
General Fund	760,000	911,200	930,900	892,000	892,000
Restricted Funds	2,101,100	2,181,700	2,068,700	2,119,200	1,997,400
Federal Funds	540,100	540,100	540,100	540,100	540,100
TOTAL EXPENDITURES	3,401,200	3,633,000	3,539,700	3,551,300	3,429,500
EXPENDITURES BY UNIT					
Board of Claims	1,180,500	1,378,300	1,423,800	1,252,600	1,269,600
Crime Victims' Board	1,485,800	1,538,800	1,400,000	1,538,800	1,400,000
Crime Victims' Board Federal Grants	515,900	515,900	515,900	515,900	515,900
Sexual Assault Examination Program	219,000	200,000	200,000	244,000	244,000
TOTAL EXPENDITURES	3,401,200	3,633,000	3,539,700	3,551,300	3,429,500

The Board of Claims, pursuant to KRS Chapter 44, is the only forum through which a citizen may sue the state for alleged negligence. Awards of less than \$1,000 are paid from funds of the state agency determined to be at fault. Awards over \$1,000 are paid from appropriations from the General Fund, and awards against the Transportation Cabinet are paid from the Road Fund. The maximum award on a single claim is \$100,000 and there is a cap of \$250,000 on multiple claims arising from the same incident.

The Crime Victims' Compensation Board, pursuant to KRS Chapter 346, is empowered to reimburse innocent crime victims up to \$25,000 for their medical expenses, lost wages that are not paid by any other source and funeral expenses up to \$5,000. The amount of time that a claimant has to submit a claim to the Board is five years. The Crime Victims' Compensation Board is funded through an allocation of 3.4 percent of the state court cost fees.

The agency is composed of the same five members appointed by the Governor. Both entities share staff services provided by the agency. The Board is an independent agency that is attached to the Department for Public Protection for administrative purposes only.

Policy

Notwithstanding KRS 45.229, the General Fund appropriation balance for fiscal year 2006 and fiscal year 2007 for the Crime Victims' Compensation Board shall not lapse and shall be carried forward. These funds are to be used for sexual assault forensic medical examinations.

Environmental and Public Protection

Financial Institutions

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	4,543,500	6,861,600	6,343,400	1,500,000	1,083,000
Current Receipts	11,137,200	11,435,000	11,785,000	11,600,400	11,785,000
Non-Revenue Receipts	-604,900	-1,695,500	-1,806,200	-942,300	-963,900
Fund Transfers	-6,007,200			-1,851,300	-1,900,900
Total Restricted Funds	9,068,600	16,601,100	16,322,200	10,306,800	10,003,200
TOTAL SOURCE OF FUNDS	9,068,600	16,601,100	16,322,200	10,306,800	10,003,200
EXPENDITURES BY CLASS					
Personnel Cost	5,633,700	7,579,600	8,006,800	6,777,400	6,913,200
Operating Expenses	1,854,900	2,648,100	2,687,400	2,416,400	2,429,000
Capital Outlay	80,000	30,000		30,000	
TOTAL EXPENDITURES	7,568,600	10,257,700	10,694,200	9,223,800	9,342,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	7,568,600	10,257,700	10,694,200	9,223,800	9,342,200
TOTAL EXPENDITURES	7,568,600	10,257,700	10,694,200	9,223,800	9,342,200
EXPENDITURES BY UNIT					
Administrative Services	950,200	1,073,900	1,117,400	1,011,400	1,023,300
Financial Institutions	4,647,800	6,454,100	6,749,400	5,718,100	5,801,800
Executive Director	591,900	1,109,400	1,135,400	704,500	708,100
Securities	1,378,700	1,620,300	1,692,000	1,789,800	1,809,000
TOTAL EXPENDITURES	7,568,600	10,257,700	10,694,200	9,223,800	9,342,200

The Office of Financial Institutions, pursuant to KRS Chapter 287, licenses and regulates banks, bank holding companies, trust companies, credit unions, savings and loan associations, consumer loan companies, industrial loan companies, mortgage loan companies, mortgage loan brokers, check cashing licensees, sale of check licensees, securities issuers, broker-dealers, agents, and investment advisors. An Executive Director appointed by the Governor heads the Office.

The Executive Director's Office is responsible for the overall management of the agency. The Ombudsman resolves complaints about Office licensees.

The Division of Administrative Services is comprised of three branches. The Technology branch maintains the computer network, the web sites, and system upgrade planning. The Administrative Services Branch is charged with the administration of the fiscal functions including budgeting, purchasing, inventory control, training coordination, and facilities management. The Public Affairs branch coordinates all communications with the media, and handles the offices public relations efforts through coordination of educational seminars, brochures, and newsletters.

The Division of Securities carries out the registration, or exemption from registration, of securities issuances in the state. It registers broker-dealers, their agents, investment advisers, and investment adviser representatives, and conducts on-site examinations of these regulated entities. The Division investigates allegations of securities fraud or other illegal conduct of all securities entities.

The Division of Financial Institutions examines and licenses commercial banks, bank holding companies, loan production offices, bank trust departments, independent trust companies, credit unions, savings and loan associations, consumer loan

companies, industrial loan companies, mortgage loan companies, mortgage loan brokers, check cashing licensees, and sale of check licensees.

Policy

Notwithstanding KRS 287.485, the Office of Financial Institutions shall transfer excess Restricted Funds of \$3,295,100 in fiscal year 2006; \$1,851,300 in fiscal year 2007 and \$1,900,900 in fiscal year 2008 to the General Fund.

**Environmental and Public Protection
Horse Racing Authority**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	509,700	649,300	737,200	509,700	509,700
Total General Fund	509,700	649,300	737,200	509,700	509,700
Restricted Funds					
Balance Forward	4,175,000	3,753,900	3,185,700	3,302,100	2,919,900
Current Receipts	3,787,000	3,787,000	3,787,000	3,787,000	3,787,000
Non-Revenue Receipts	23,844,900	23,765,600	23,716,800	23,765,600	23,716,800
Total Restricted Funds	31,806,900	31,306,500	30,689,500	30,854,700	30,423,700
TOTAL SOURCE OF FUNDS	32,316,600	31,955,800	31,426,700	31,364,400	30,933,400
EXPENDITURES BY CLASS					
Personnel Cost	2,419,200	2,546,100	2,578,800	2,221,700	2,086,700
Operating Expenses	1,622,100	1,538,500	1,516,800	1,537,300	1,515,600
Grants, Loans or Benefits	24,973,200	24,685,500	24,685,500	24,685,500	24,685,500
TOTAL EXPENDITURES	29,014,500	28,770,100	28,781,100	28,444,500	28,287,800
EXPENDITURES BY FUND SOURCE					
General Fund	509,700	649,300	737,200	509,700	509,700
Restricted Funds	28,504,800	28,120,800	28,043,900	27,934,800	27,778,100
TOTAL EXPENDITURES	29,014,500	28,770,100	28,781,100	28,444,500	28,287,800
EXPENDITURES BY UNIT					
Administration and Regulation of Racing	3,318,100	3,361,400	3,372,400	3,035,800	2,879,100
Equine Drug Research Fund	650,500	650,500	650,500	650,500	650,500
Thoroughbred Development Fund	8,186,100	8,186,100	8,186,100	8,186,100	8,186,100
Standardbred Development Fund	507,700	220,000	220,000	220,000	220,000
Standardbred Horsemen Fees	700,000	700,000	700,000	700,000	700,000
County Fair Purse Fund	204,000	204,000	204,000	204,000	204,000
Thoroughbred Owners and Breeders	282,700	282,700	282,700	282,700	282,700
Backside Improvement Commission	165,400	165,400	165,400	165,400	165,400
Ky Thoroughbred Breeder Incentive Fund	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Ky Standardbred Breeder Incentive Fund	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000
Ky Horse Breeders Incentive Fund	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
TOTAL EXPENDITURES	29,014,500	28,770,100	28,781,100	28,444,500	28,287,800

The Kentucky Horse Racing Authority, pursuant to KRS 230. 260, is responsible for the regulation of thoroughbred and harness horse racing and the fostering of thoroughbred and harness horse breeding within the Commonwealth. The Authority prescribes the rules, regulations, and conditions under which all thoroughbred, harness horse, quarter horse, Appaloosa, and Arabian racing and wagering may be conducted in the Commonwealth.

The Authority's charge is to:

- advance horse industry-related economic growth;
- strengthen ties between Kentucky's universities and the horse industry;
- ensure that Kentucky remains on the cutting-edge of equine research; and
- promote Kentucky's horse and tourism industry.

The Authority is an independent agency that is attached to the Department for Public Protection for administrative purposes only.

Administration and Regulation of Racing is the administrative and oversight body of the Authority. The Division of Racing and Security oversees the state veterinarians and support staff. The security function supervises drug testing and interdiction on the track's backside. The Division of Licensing is responsible for licensing all individuals who participate in thoroughbred and harness racing.

The Equine Drug Research Council advises the Authority on research programs. One-tenth of one percent of the thoroughbred pari-mutuel handle supports the Council. Funds are used to support drug research and testing.

The Thoroughbred Development Fund was created in 1978 to encourage breeders from other states to send their breeding stock to Kentucky to improve the caliber of breeding and racing stock in the Commonwealth. The program is funded by three-fourths of one percent of the total pari-mutuel handle.

The Standardbred Development Fund supports efforts to attract breeders from other states to send their breeding stock to Kentucky, to increase the number of owners in Kentucky, and to increase the number of horses bred in Kentucky. One percent of the pari-mutuel handle from the harness horse racing tracks is deposited in a revolving fund account for the Standardbred Development Fund.

The County Fair Purse Fund receives funding from uncashed pari-mutuel harness racing tickets and redistributes the funds in the form of purse supplements to county fairs.

The Backside Improvement Commission is charged with promoting, enhancing, and improving of the backsides of Turfway and Ellis Parks. Racing associations with an average handle of \$1,200,000 or less per racing day are required to pay one-half of one percent to the Fund. Racing associations with an average handle of \$1,200,000 or more per racing day are required to pay three and one-half percent to the Fund.

The Thoroughbred Owners and Breeders Fund receives six percent of the commissions at simulcast facilities to fund capital improvements and promote off-track betting. It also supports marketing and promotion of the Kentucky thoroughbred industry.

The Kentucky Thoroughbred Breeder, Standardbred, and Horse Breeders Funds provide rewards for breeders of horses bred and foaled in Kentucky. Incentive funds are derived from sales taxes paid on stallion stud fees.

Policy

The Governor's recommended budget for Administration and Regulation appropriates all available Restricted Funds. If the Authority determines that additional funding is needed it may raise fees and track assessments to underwrite the additional costs.

**Environmental and Public Protection
Housing, Buildings and Construction**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,114,700	3,646,100	3,673,500	2,524,200	2,524,200
Salary Compensation Fund	409,500				
Base Deduction	-143,300				
Total General Fund	2,380,900	3,646,100	3,673,500	2,524,200	2,524,200
Restricted Funds					
Balance Forward	7,397,800	8,212,500	5,722,800	8,304,100	5,529,600
Current Receipts	14,040,600	14,040,600	14,040,600	13,343,400	13,345,000
Non-Revenue Receipts		-250,000	-260,000	-250,000	-260,000
Total Restricted Funds	21,438,400	22,003,100	19,503,400	21,397,500	18,614,600
Federal Funds					
Current Receipts	6,000				
Total Federal Funds	6,000				
TOTAL SOURCE OF FUNDS	23,825,300	25,649,200	23,176,900	23,921,700	21,138,800
EXPENDITURES BY CLASS					
Personnel Cost	12,470,500	16,071,100	16,990,500	15,236,600	15,525,300
Operating Expenses	3,050,700	3,855,300	3,724,500	3,155,500	3,157,800
TOTAL EXPENDITURES	15,521,200	19,926,400	20,715,000	18,392,100	18,683,100
EXPENDITURES BY FUND SOURCE					
General Fund	2,380,900	3,646,100	3,673,500	2,524,200	2,524,200
Restricted Funds	13,134,300	16,280,300	17,041,500	15,867,900	16,158,900
Federal Funds	6,000				
TOTAL EXPENDITURES	15,521,200	19,926,400	20,715,000	18,392,100	18,683,100
EXPENDITURES BY UNIT					
General Administration and Management	1,120,000	1,447,100	1,527,500	1,147,000	1,167,100
Regulation of Minimum Safety Standards/Fire Prev	6,423,400	7,991,200	8,316,900	7,228,100	7,482,300
WMD Fire Marshall Grant	6,000				
Plumbing	4,798,600	6,503,200	6,744,200	6,045,600	6,142,400
HVACC	802,100	1,005,500	1,036,900	1,264,500	1,135,000
Building Codes Enforcement	2,371,100	2,979,400	3,089,500	2,706,900	2,756,300
TOTAL EXPENDITURES	15,521,200	19,926,400	20,715,000	18,392,100	18,683,100

The Office of Housing, Buildings, and Construction, pursuant to KRS Chapter 198B, regulates all construction of buildings through enforcement of building and fire codes, including: elevators, boilers, manufactured housing, hazardous materials, and electrical and plumbing installation. The agency enforces a uniform building code for the Commonwealth with an effective building inspection program that prevents fire- and life-safety hazards. Formerly a department within the Cabinet for Public Protection, the agency was reorganized with the passage of Senate Bill 41 during the 2005 Regular Session of the General Assembly. It is now managed by the Department for Public Protection.

The Regulation of Minimum Safety Standards program enforces life-safety codes and state and federal laws and regulations by performing property inspections, reviewing plans for remodeled or improved property, regulating the use and storage of

hazardous materials, and responding to related emergencies. The program includes inspection and plan review of boilers, pressure piping, and elevators; monitoring the construction and sales of mobile homes and recreational vehicles; and the testing and licensing of electrical inspectors, boiler contractors, underground petroleum storage tank contractors, and sprinkler system contractors.

The Plumbing Division, a fee-supported program, enforces the State Plumbing Law. Activities include inspection of plumbing systems in all buildings throughout the state, approval of plans in all types of public buildings, renewal of master and journeyman plumbers' licenses, assistance to the State Plumbing Code Committee in its review of the plumbing code regulations, and review and approval of new materials and techniques.

The Heating, Ventilation, and Air Conditioning (HVAC) program is responsible for the annual licensing and oversight of the activities of heating, ventilation, and air conditioning contractors, mechanics, and apprentices. The HVAC Board reviews HVAC codes and regulations governing the testing of candidates for licensure. The program oversees the continuing education for HVAC Masters and Journeymen.

The Building Codes Enforcement program provides overall coordination and enforcement of the Kentucky Uniform Building Code and provides inspection, plan review, and technical services to the building community. The program is funded primarily from plan review fees.

Policy

Notwithstanding KRS 227A.050(1), KRS 227.620(5), KRS 198B.615, KRS 236.130(3), KRS 318.136, KRS 198B.095(2), KRS 198B.090(10), and KRS 198B.676(2), the Office of Housing, Buildings and Construction may expend Restricted Funds from within its budget to fund the programs it administers.

The Governor's Budget Recommendation funds 278 positions in Housing, Buildings and Construction. The chart below details the distribution of the positions funded based on funds available and the flexible use of funds to fund the programs administered by Housing, Building, and Construction.

2006-2008 HBC Recommended Personnel Cap	
Division	Cap
Administration	17
Minimum Safety Standards	114
Plumbing	90
HVACC	13
Building Code Enforcement	44
Total	278

Environmental and Public Protection

Insurance

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation				6,500,000	13,500,000
Total General Fund				6,500,000	13,500,000
Tobacco Settlement-Phase I					
Tobacco Settlement - I	16,751,700			13,692,700	14,496,000
Budget Reduction	-1,139,100				
Total Tobacco Settlement-Phase I	15,612,600			13,692,700	14,496,000
Restricted Funds					
Balance Forward	15,814,900	23,719,900	33,335,200	3,081,400	2,906,400
Current Receipts	29,947,200	32,446,900	34,942,800	31,188,000	33,445,100
Non-Revenue Receipts	-797,100	1,926,400	1,715,700	-319,200	-425,900
Fund Transfers	-20,000,000			-9,000,000	-10,750,000
Total Restricted Funds	24,965,000	58,093,200	69,993,700	24,950,200	25,175,600
TOTAL SOURCE OF FUNDS	40,577,600	58,093,200	69,993,700	45,142,900	53,171,600
EXPENDITURES BY CLASS					
Personnel Cost	33,817,700	37,708,800	38,476,100	32,013,600	32,985,200
Operating Expenses	3,678,500	3,800,900	3,868,000	3,722,900	3,761,000
Grants, Loans or Benefits				6,500,000	13,500,000
TOTAL EXPENDITURES	37,496,200	41,509,700	42,344,100	42,236,500	50,246,200
EXPENDITURES BY FUND SOURCE					
General Fund		16,751,700	16,751,700	6,500,000	13,500,000
Tobacco Settlement-Phase I	15,612,600			13,692,700	14,496,000
Restricted Funds	21,883,600	24,758,000	25,592,400	22,043,800	22,250,200
TOTAL EXPENDITURES	37,496,200	41,509,700	42,344,100	42,236,500	50,246,200
EXPENDITURES BY UNIT					
Executive Director	1,344,300	1,716,400	1,793,400	1,449,400	1,465,800
Small Business Insurance Subsidy				6,500,000	13,500,000
General Administration and Support	3,031,300	2,619,300	2,728,200	2,267,600	2,282,100
Property and Casualty	827,100	1,146,300	1,204,000	917,600	934,900
Life Insurance	742,100	958,500	999,600	764,000	781,700
Financial Standards and Examination	4,034,800	4,362,300	4,419,000	4,100,300	4,116,600
General Counsel	278,300	278,300	278,300	278,300	278,300
Agent Licensing	1,654,400	2,174,700	2,275,100	1,789,900	1,808,500
Consumer Protection	2,183,600	2,636,500	2,760,800	2,274,100	2,305,800
Insurance Fraud Investigation	1,200,600	1,467,300	1,541,000	1,321,900	1,353,800
Health Insurance Policy and Managed Care	2,289,600	2,792,600	2,920,100	2,469,500	2,499,100
Mine Subsidence Program	203,700	260,800	266,700	251,200	251,800
State Risk and Insurance Services	694,800	914,400	959,000	761,500	773,500
Kentucky Access Program	19,011,600	20,182,300	20,198,900	17,091,200	17,894,300
TOTAL EXPENDITURES	37,496,200	41,509,700	42,344,100	42,236,500	50,246,200

The Office of Insurance, pursuant to KRS Chapter 304, has the authority to license, supervise, and regulate insurance companies doing business in Kentucky.

The Executive Director is responsible for the overall policy, planning, direction, and management of all divisions within the Office. It is the responsibility of the director to oversee the manner in which the business of insurance is conducted in Kentucky. The director is charged with protecting the public interest, promoting viable markets, and assuring fair treatment of insurance consumers.

The Property and Casualty Division regulates coverage and marketing practices of property and casualty insurers. Through its annual review of property and casualty insurance rate and form filings, the Division ensures that companies comply with the standards set forth in the Kentucky Insurance Code. The Division is also responsible for reporting medical malpractice claims, recording of no-fault rejections (tort liability), and verifying such rejection. It is responsible for the regulation of surplus lines insurance.

The Health Insurance Policy and Managed Care Division regulate admitted insurance companies and Health Maintenance Organizations (HMO). The Division approves policies, certificates, provider networks, quality improvement programs, and rate filings. It reviews promotional literature and activities for the protection of the public. The Division handles inquiries about Medicare and long-term care insurance.

The Life Insurance Division regulates insurance companies selling life and disability income products. It is responsible for conducting research on strategies related to financial services modernization. The Division reviews policies, certificates, and rate filings.

The Financial Standards and Examination Division protects consumers by ensuring the financial solvency of insurers authorized to do business in Kentucky. The Division is responsible for conducting financial examinations, financial analyses, and providing administrative oversight of the insurance industry.

The Insurance Fraud Investigation Division is the Office's enforcement unit empowered to conduct criminal investigations of suspected fraudulent insurance acts. Insurance-related fraud may be committed by applicants for insurance, policyholders, third party claimants, agents, and providers of services who are paid by insurance.

The Agent Licensing Division makes certain that only knowledgeable and qualified insurance representatives sell insurance products to Kentucky consumers. The Division administers examinations, monitors continuing education courses, and licenses agents.

The Consumer Protection and Education Division is the main link between the Office and the citizens of the Commonwealth. The Division also administers the emergency response program, which provides on-site assistance to citizens or communities affected by insured disasters within the Commonwealth. An ombudsman provides additional assistance to consumers. The Market Conduct unit of Consumer Protection observes and analyzes the business practices of insurers.

The State Risk and Insurance Services Division administer the State Fire and Tornado Insurance Fund pursuant to KRS 56.070 to 56.180. It provides self-insurance for the Commonwealth's state- and university-owned real and personal property. The Division resembles an insurance company and has its own brokers and agents. It develops and maintains coverage forms, makes decisions where a particular submission should be insured, determines rates, issues certificates and endorsements, and collects premiums. The Division establishes the replacement value of all insured real property and adjusts, negotiates, and settles claims. Because all risks cannot be properly covered under the State Fire and Tornado Insurance Fund, the Division assists in the placement of various types of property and liability exposures through the commercial market. The Division provides assistance to property owners who have experienced property damage resulting from collapsed underground mines through the Mine Subsidence Fund.

Kentucky Access, Kentucky's high-risk health insurance pool, was created by the 2000 General Assembly. It is a statewide health plan that offers health insurance to Kentuckians who have sufficient disposable income to afford health insurance premiums, but cannot obtain individual health insurance in the private market. The Office of Insurance has the statutory responsibility to operate and administer the Kentucky Access program. The responsibility is met through a contractual relationship between the Office and a third party administrator. The program is funded from three revenue sources: premiums paid by policyholders, assessments of all health insurance carriers in the state, and an appropriation of the state's Master Settlement Agreement proceeds (Phase I Tobacco funds) from the Kentucky Health Care Improvement Fund.

Policy

Notwithstanding KRS 304.2-300(4), KRS 304.2-400(2), and KRS 304.2-440(4), the Office of Insurance shall transfer Restricted Funds of \$8,659,700 in fiscal year 2006, \$9,000,000 in fiscal year 2007, and \$10,750,000 in fiscal year 2008 to the General Fund.

The Governor's recommended budget includes General Fund appropriations of \$6,500,000 in fiscal year 2007 and \$13,500,000 in fiscal year 2008 to fund a Small Business Health Insurance Subsidy pilot program. Eligible businesses can have no fewer than two but no more than 25 employees. Average salaries (excluding the owner) shall not exceed 200

percent of the federal poverty level. The employer cannot have provided health insurance benefits during the last 12 months or must have at least one member of the group identified as having a defined high-cost medical condition. Participating businesses will receive an immediate, fixed, monthly reimbursement of \$40-\$60 for each employee. The subsidy will decrease over four years.

Environmental and Public Protection**Mine Safety Review Commission**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	230,500	246,800	252,900	200,700	202,400
Salary Compensation Fund	2,500				
Base Deduction	-34,500				
Total General Fund	198,500	246,800	252,900	200,700	202,400
Restricted Funds					
Balance Forward	500	500	500	500	500
Total Restricted Funds	500	500	500	500	500
TOTAL SOURCE OF FUNDS	199,000	247,300	253,400	201,200	202,900
EXPENDITURES BY CLASS					
Personnel Cost	171,700	189,700	195,800	173,400	175,100
Operating Expenses	26,800	57,100	57,100	27,300	27,300
TOTAL EXPENDITURES	198,500	246,800	252,900	200,700	202,400
EXPENDITURES BY FUND SOURCE					
General Fund	198,500	246,800	252,900	200,700	202,400
TOTAL EXPENDITURES	198,500	246,800	252,900	200,700	202,400

The Mine Safety Review Commission, pursuant to KRS Chapter 351, protects the health and safety of coal miners by insuring the enforcement of mine safety regulations. Its three members, appointed by the governor, conduct hearings on safety violations and impose penalties for serious violations. The Commission has the power to revoke or suspend a mine's license or an individual miner's certification and fine certified miners up to the equivalent of wages for ten working days for their first offense.

The Commission is an independent agency attached to the Cabinet for Environmental and Public Protection, Office of the Secretary, for administrative purposes only.

Environmental and Public Protection
Mine Safety and Licensing

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,021,800	11,952,700	12,712,900	9,522,600	9,522,600
Salary Compensation Fund	500,800				
Base Deduction	-62,400				
Total General Fund	9,460,200	11,952,700	12,712,900	9,522,600	9,522,600
Restricted Funds					
Balance Forward	388,900	266,900	12,100	532,900	444,600
Current Receipts	373,900	373,900	373,900	373,800	373,800
Non-Revenue Receipts	31,100	23,100	16,000	975,100	968,000
Total Restricted Funds	793,900	663,900	402,000	1,881,800	1,786,400
Federal Funds					
Current Receipts	1,011,600	678,400	597,100	604,200	597,100
Non-Revenue Receipts	-31,100	-23,100	-16,000	-23,100	-16,000
Total Federal Funds	980,500	655,300	581,100	581,100	581,100
TOTAL SOURCE OF FUNDS	11,234,600	13,271,900	13,696,000	11,985,500	11,890,100
EXPENDITURES BY CLASS					
Personnel Cost	8,836,600	10,850,300	11,470,800	9,408,400	9,605,500
Operating Expenses	1,805,100	2,127,600	2,109,500	2,069,500	2,069,500
Grants, Loans or Benefits		18,000	18,000		
Capital Outlay	60,000	263,900	97,700	63,000	64,600
TOTAL EXPENDITURES	10,701,700	13,259,800	13,696,000	11,540,900	11,739,600
EXPENDITURES BY FUND SOURCE					
General Fund	9,460,200	11,952,700	12,712,900	9,522,600	9,522,600
Restricted Funds	261,000	651,800	402,000	1,437,200	1,635,900
Federal Funds	980,500	655,300	581,100	581,100	581,100
TOTAL EXPENDITURES	10,701,700	13,259,800	13,696,000	11,540,900	11,739,600
EXPENDITURES BY UNIT					
Administrative Support	498,600	605,700	631,700	562,100	570,000
Safety Inspection and Licensing	5,480,900	6,848,800	7,013,100	6,016,500	6,113,600
Explosives and Blasting	602,800	727,900	763,600	678,900	693,100
Investigation	522,200	721,700	758,000	569,400	579,100
Safety Analysis	3,597,200	4,355,700	4,529,600	3,714,000	3,783,800
TOTAL EXPENDITURES	10,701,700	13,259,800	13,696,000	11,540,900	11,739,600

The Office of Mine Safety and Licensing, pursuant to KRS Chapter 351, is responsible for the regulation of mining practices to prevent injuries and fatalities in underground, strip, and auger mines.

The Office trains, tests and licenses mine personnel. Its mine safety instructors provide general and technical safety training and education courses to mine personnel to maintain an adequate number of certified and qualified personnel for the mining industry. Moreover, the agency encourages safe work habits of coal miners by providing quality on-the-job, one-on-one safety training for surface miners.

The Office licenses all underground and surface coal mines in the Commonwealth. It issues special permits for specific mining methods including the use of diesel equipment, roof control, extended cuts, and mining near oil and gas wells, and issues

permits for additional mine openings. The agency inspects mines, regulates solid shooting (blasting) within the mines and investigates illegal mining operations.

The Office develops and maintains databases to track information about each mining operation. The data base includes: number of miners employed by the mine, type of operations, type of worker's compensation insurance, and the number and type of mining law violations, closures, and abatements for each mine and mine operator. A second database provides information on all individuals certified as surface mine foremen, surface mine safety analysts, underground mine foremen, underground mine instructors, underground mine inspectors, and electrical inspectors.

Policy

Agency funds from the Coal Workers Pneumoconiosis Fund in the amount of \$952,000 in each fiscal year of the biennium are included in the above appropriation.

**Environmental and Public Protection
Public Service Commission**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,409,800	12,517,000	13,053,200	12,624,800	13,006,000
Continuing Appropriation	2,261,700	2,261,600	2,261,600		
Salary Compensation Fund	158,800				
Base Deduction	-5,273,000				
Total General Fund	8,557,300	14,778,600	15,314,800	12,624,800	13,006,000
Restricted Funds					
Balance Forward	293,400	293,400	293,400	293,400	293,400
Current Receipts	1,024,000	850,000	850,000	850,000	850,000
Total Restricted Funds	1,317,400	1,143,400	1,143,400	1,143,400	1,143,400
Federal Funds					
Balance Forward	342,200	342,200	342,200	392,800	411,000
Current Receipts	257,300	254,200	265,700	234,200	244,400
Total Federal Funds	599,500	596,400	607,900	627,000	655,400
TOTAL SOURCE OF FUNDS	10,474,200	16,518,400	17,066,100	14,395,200	14,804,800
EXPENDITURES BY CLASS					
Personnel Cost	8,040,000	10,391,600	10,927,400	9,869,400	10,128,900
Operating Expenses	1,090,800	2,585,400	2,615,700	3,177,200	3,319,800
Debt Service	589,000	589,000	589,000	589,000	589,000
Capital Outlay	68,200	55,200	36,800	55,200	36,800
TOTAL EXPENDITURES	9,788,000	13,621,200	14,168,900	13,690,800	14,074,500
EXPENDITURES BY FUND SOURCE					
General Fund	8,557,300	12,517,000	13,053,200	12,624,800	13,006,200
Restricted Funds	1,024,000	850,000	850,000	850,000	850,000
Federal Funds	206,700	254,200	265,700	216,000	218,300
TOTAL EXPENDITURES	9,788,000	13,621,200	14,168,900	13,690,800	14,074,500
EXPENDITURES BY UNIT					
Commission Operations	4,127,600	6,361,100	6,544,200	7,028,000	7,257,200
Financial Analysis	1,868,600	2,334,200	2,465,400	2,113,100	2,169,500
Engineering	1,352,700	1,800,900	1,893,600	1,662,800	1,717,600
Division of Filings	1,568,600	2,037,200	2,131,400	1,875,400	1,905,900
Consumer Services	457,600	579,300	602,900	538,500	544,800
Gas Pipeline Safety	412,900	508,500	531,400	473,000	479,500
TOTAL EXPENDITURES	9,788,000	13,621,200	14,168,900	13,690,800	14,074,500

The Public Service Commission, pursuant to KRS Chapter 278, regulates the intrastate rates and services of over 500 investor-owned electric, natural gas, telephone, water and sewage utilities, rural electric and telephone cooperatives, and water districts. The three-member Commission performs its regulatory functions through written orders following adjudicative and rulemaking procedures outlined in statute. The Commission is an independent agency attached to the Department for Public Protection for administrative purposes only.

The Commission's goal is to ensure that every utility charges fair, just, and reasonable rates for the services rendered and that those services are adequate and efficient.

The agency is funded by an assessment of all utilities under the Commission's jurisdiction based on the annual gross intrastate revenues.

The Commission staff is organized into the Divisions of Consumer Services, Filings, Engineering, Financial Analysis and Gas Pipeline Safety.

Policy

Notwithstanding KRS 278.150(3), \$5,273,000 in fiscal year 2006 shall lapse to the credit of the General Fund.

Environmental and Public Protection

Tax Appeals

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	486,100	499,700	521,400	471,400	465,400
Salary Compensation Fund	13,000				
Base Deduction	-69,600				
Total General Fund	429,500	499,700	521,400	471,400	465,400
TOTAL SOURCE OF FUNDS	429,500	499,700	521,400	471,400	465,400
EXPENDITURES BY CLASS					
Personnel Cost	380,900	451,100	472,800	422,800	416,800
Operating Expenses	48,600	48,600	48,600	48,600	48,600
TOTAL EXPENDITURES	429,500	499,700	521,400	471,400	465,400
EXPENDITURES BY FUND SOURCE					
General Fund	429,500	499,700	521,400	471,400	465,400
TOTAL EXPENDITURES	429,500	499,700	521,400	471,400	465,400

The Board of Tax Appeals, pursuant to KRS Chapter 131, is an administrative review agency with exclusive jurisdiction to hear and resolve appeals arising from final rulings, orders, and determinations of any agency of state or county government relating to revenue and taxation.

The Board consists of three members appointed by the Governor for staggered four-year terms. One member is designated by the Governor as chairman. The Board is an independent agency that is attached to the Department for Public Protection for administrative purposes only.

Environmental and Public Protection

Labor

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,349,100	2,980,900	3,139,100	2,453,400	2,456,800
Salary Compensation Fund	271,700				
Base Deduction	-18,600				
Total General Fund	2,602,200	2,980,900	3,139,100	2,453,400	2,456,800
Restricted Funds					
Balance Forward	9,244,600	4,000,000	4,000,000	6,465,300	7,097,800
Current Receipts	2,300,000	2,000,000	1,900,000	2,000,000	1,900,000
Non-Revenue Receipts	117,390,700	116,866,900	117,584,200	115,618,700	113,043,400
Total Restricted Funds	128,935,300	122,866,900	123,484,200	124,084,000	122,041,200
Federal Funds					
Balance Forward	55,900			60,400	23,300
Current Receipts	3,574,200	3,703,700	3,703,700	3,703,700	3,703,700
Non-Revenue Receipts	-397,000	-397,000	-397,000	-397,000	-397,000
Total Federal Funds	3,233,100	3,306,700	3,306,700	3,367,100	3,330,000
TOTAL SOURCE OF FUNDS	134,770,600	129,154,500	129,930,000	129,904,500	127,828,000
EXPENDITURES BY CLASS					
Personnel Cost	22,115,400	26,301,800	27,840,600	23,456,500	23,997,200
Operating Expenses	5,595,300	5,608,700	6,059,900	6,106,900	7,380,200
Grants, Loans or Benefits	100,216,000	92,921,000	91,921,000	92,921,000	91,921,000
Capital Outlay	318,200	323,000	108,500	299,000	142,500
TOTAL EXPENDITURES	128,244,900	125,154,500	125,930,000	122,783,400	123,440,900
EXPENDITURES BY FUND SOURCE					
General Fund	2,602,200	2,980,900	3,139,100	2,453,400	2,456,800
Restricted Funds	122,470,000	118,866,900	119,484,200	116,986,200	117,654,300
Federal Funds	3,172,700	3,306,700	3,306,700	3,343,800	3,329,800
TOTAL EXPENDITURES	128,244,900	125,154,500	125,930,000	122,783,400	123,440,900
EXPENDITURES BY UNIT					
Commissioner's Office & Administrative Services	3,733,200	4,176,900	4,371,700	3,875,500	4,016,500
Workplace Standards	104,416,000	97,763,100	97,017,400	97,668,700	96,898,100
Occupational Safety and Health	8,048,300	9,076,500	9,575,200	8,386,500	9,128,800
Workers' Claims	12,047,400	14,138,000	14,965,700	12,852,700	13,397,500
TOTAL EXPENDITURES	128,244,900	125,154,500	125,930,000	122,783,400	123,440,900

The Department of Labor, pursuant to KRS 336.015, consists of the Office of the Commissioner, the Office of Labor Management Relations and Mediation, the Office of Workplace Standards, and the Division of Administrative Services.

Attached administratively to the Department of Labor are the Kentucky Labor Management Council, the Kentucky Employees Insurance Association, the State Labor Relations Board, the Workers' Compensation Funding Commission, the Workers' Compensation Advisory Council, the Occupational Safety and Health Standards Board, the Prevailing Wage Review Board, the Apprenticeship and Training Council, the Employees Mutual Insurance Authority, the Workers Compensation Nominating Commission, and the Office of Workers Claims. The Kentucky Occupational Safety and Health Review Commission is an independent agency administered by an executive director.

Environmental and Public Protection
Labor
Commissioner's Office & Administrative Services

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	343,100			508,500	333,000
Non-Revenue Receipts	3,898,600	4,176,900	4,371,700	3,700,000	3,700,000
Total Restricted Funds	4,241,700	4,176,900	4,371,700	4,208,500	4,033,000
TOTAL SOURCE OF FUNDS	4,241,700	4,176,900	4,371,700	4,208,500	4,033,000
EXPENDITURES BY CLASS					
Personnel Cost	2,917,700	3,424,700	3,610,400	3,065,700	3,157,600
Operating Expenses	710,300	652,200	761,300	704,800	853,900
Capital Outlay	105,200	100,000		105,000	5,000
TOTAL EXPENDITURES	3,733,200	4,176,900	4,371,700	3,875,500	4,016,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	3,733,200	4,176,900	4,371,700	3,875,500	4,016,500
TOTAL EXPENDITURES	3,733,200	4,176,900	4,371,700	3,875,500	4,016,500

The organizational units under the direction of the Commissioner include the Office of Workplace Standards, the Office of Occupational Safety and Health, the Office of Labor Management Relations and Mediation, and the Division of Administrative Services. The Commissioner of Labor also oversees administrative duties of the Office of Workers Claims, with the Executive Director of the Office of Workers Claims being responsible for the daily programmatic activities.

Environmental and Public Protection

Labor

Workplace Standards

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,349,100	2,980,900	3,139,100	2,453,400	2,456,800
Salary Compensation Fund	271,700				
Base Deduction	-18,600				
Total General Fund	2,602,200	2,980,900	3,139,100	2,453,400	2,456,800
Restricted Funds					
Balance Forward	6,789,500	4,000,000	4,000,000	4,730,100	4,574,500
Current Receipts	2,300,000	2,000,000	1,900,000	2,000,000	1,900,000
Non-Revenue Receipts	97,454,400	92,782,200	91,978,300	93,059,700	91,985,700
Total Restricted Funds	106,543,900	98,782,200	97,878,300	99,789,800	98,460,200
TOTAL SOURCE OF FUNDS	109,146,100	101,763,100	101,017,400	102,243,200	100,917,000
EXPENDITURES BY CLASS					
Personnel Cost	3,587,100	4,299,400	4,548,300	4,150,600	4,274,900
Operating Expenses	828,900	758,700	764,100	813,100	918,200
Grants, Loans or Benefits	100,000,000	92,705,000	91,705,000	92,705,000	91,705,000
TOTAL EXPENDITURES	104,416,000	97,763,100	97,017,400	97,668,700	96,898,100
EXPENDITURES BY FUND SOURCE					
General Fund	2,602,200	2,980,900	3,139,100	2,453,400	2,456,800
Restricted Funds	101,813,800	94,782,200	93,878,300	95,215,300	94,441,300
TOTAL EXPENDITURES	104,416,000	97,763,100	97,017,400	97,668,700	96,898,100

The Office of Workplace Standards enforces all statutes set forth in KRS Chapters 336, 337, 339, 345, 207, and 342. The Office of Workplace Standards consists of the Division of Employment Standards, Apprenticeship and Training, and the Division of Workers' Compensation Funds.

Environmental and Public Protection

Labor

Occupational Safety and Health

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	618,900			653,200	1,041,400
Non-Revenue Receipts	4,909,900	5,769,800	6,268,500	5,430,900	5,107,700
Total Restricted Funds	5,528,800	5,769,800	6,268,500	6,084,100	6,149,100
Federal Funds					
Balance Forward	55,900			60,400	23,300
Current Receipts	3,574,200	3,703,700	3,703,700	3,703,700	3,703,700
Non-Revenue Receipts	-397,000	-397,000	-397,000	-397,000	-397,000
Total Federal Funds	3,233,100	3,306,700	3,306,700	3,367,100	3,330,000
TOTAL SOURCE OF FUNDS	8,761,900	9,076,500	9,575,200	9,451,200	9,479,100
EXPENDITURES BY CLASS					
Personnel Cost	5,875,300	6,864,700	7,262,400	6,104,000	6,204,900
Operating Expenses	1,839,000	1,809,800	1,988,300	1,909,500	2,570,400
Grants, Loans or Benefits	216,000	216,000	216,000	216,000	216,000
Capital Outlay	118,000	186,000	108,500	157,000	137,500
TOTAL EXPENDITURES	8,048,300	9,076,500	9,575,200	8,386,500	9,128,800
EXPENDITURES BY FUND SOURCE					
Restricted Funds	4,875,600	5,769,800	6,268,500	5,042,700	5,799,000
Federal Funds	3,172,700	3,306,700	3,306,700	3,343,800	3,329,800
TOTAL EXPENDITURES	8,048,300	9,076,500	9,575,200	8,386,500	9,128,800
EXPENDITURES BY UNIT					
OSH Executive Director	233,200	248,700	259,200	237,700	233,000
Compliance	3,997,300	4,467,100	4,755,700	4,108,400	4,330,700
Education and Training	3,817,800	4,360,700	4,560,300	4,040,400	4,565,100
TOTAL EXPENDITURES	8,048,300	9,076,500	9,575,200	8,386,500	9,128,800

The Office of Occupational Safety and Health oversees the provisions set forth in KRS Chapter 338. The Office of Occupational Safety and Health consists of the Office of Executive Director, the Division of Compliance, and the Division of Education and Training.

Environmental and Public Protection

Labor

Workers' Claims

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	1,493,100			573,500	1,148,900
Non-Revenue Receipts	11,127,800	14,138,000	14,965,700	13,428,100	12,250,000
Total Restricted Funds	12,620,900	14,138,000	14,965,700	14,001,600	13,398,900
TOTAL SOURCE OF FUNDS	12,620,900	14,138,000	14,965,700	14,001,600	13,398,900
EXPENDITURES BY CLASS					
Personnel Cost	9,735,300	11,713,000	12,419,500	10,136,200	10,359,800
Operating Expenses	2,217,100	2,388,000	2,546,200	2,679,500	3,037,700
Capital Outlay	95,000	37,000		37,000	
TOTAL EXPENDITURES	12,047,400	14,138,000	14,965,700	12,852,700	13,397,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	12,047,400	14,138,000	14,965,700	12,852,700	13,397,500
TOTAL EXPENDITURES	12,047,400	14,138,000	14,965,700	12,852,700	13,397,500

The Office of Workers' Claims has the overall authority and oversight responsibility for the operation of Kentucky's Workers' Compensation System as set forth under KRS Chapter 342.

The Commonwealth of Kentucky adopted a Workers' Compensation Act in 1916 under which employees were granted replacement income and medical services for disability arising from on-the-job accidents. In exchange, employers were afforded immunity from common lawsuits.

Since then, Kentucky's Workers' Compensation Program has undergone incremental changes generally marked by expansion of coverage to include additional work-related conditions (i.e., occupational diseases) and increases in the amount of benefits granted workers. Reforms were adopted during the 1994 Regular Session of the General Assembly with the passage of House Bill 928. Before 1994, the main function of the department was to adjudicate disputes between employers and employees about entitlement to benefits. As a result of the 1994 statutory changes, the means of delivering industrial health care was altered, and efforts began to limit the expansion of benefits and the administrative and adjudicative arms of the program were strengthened.

House Bill 1, passed by the 1996 Extraordinary Session of the General Assembly, significantly expanded the reform of the workers' compensation program. Adopted on December 12, 1996, this legislation emphasized administrative resolution of benefit disputes rather than adjudicative claims processing. The law also represented a marked shift toward more fiscal responsibility in the workers' compensation program and was intended to roll back the estimated cost of \$1 billion paid each year by the Commonwealth's employers to sustain the program. Because of this legislation, the program has been restored to its core purpose of promptly delivering wage replacement benefits and medical services to industrially injured workers in a non-adversarial manner.

Funding for Workers' Claims is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and self-insureds.

**Environmental and Public Protection
Occupational Safety and Health Review Commission**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	61,600			1,100	10,900
Non-Revenue Receipts	500,000	645,200	696,400	510,400	539,600
Total Restricted Funds	561,600	645,200	696,400	511,500	550,500
TOTAL SOURCE OF FUNDS	561,600	645,200	696,400	511,500	550,500
EXPENDITURES BY CLASS					
Personnel Cost	508,700	582,800	629,500	438,500	444,300
Operating Expenses	51,800	62,400	66,900	62,100	66,600
TOTAL EXPENDITURES	560,500	645,200	696,400	500,600	510,900
EXPENDITURES BY FUND SOURCE					
Restricted Funds	560,500	645,200	696,400	500,600	510,900
TOTAL EXPENDITURES	560,500	645,200	696,400	500,600	510,900

The Kentucky Occupational Safety and Health Review Commission is an independent quasi-judicial administrative agency which hears and rules on appeals of citations, pursuant to KRS 338.071 and KRS 338.081, issued by the Division of Compliance in the Office of Occupational Safety and Health in the Labor Department.

The Review Commission receives and processes over 200 cases per year and holds hearings throughout the state. Written findings of fact, conclusions of law, and the recommended decisions issued by the hearing officers may be appealed to the Commission and then to Franklin Circuit Court.

Funding for the Commission consists of Restricted Funds provided by assessments of the Workers Compensation Funding Commission. The Kentucky Occupational Safety and Health (KOSH) Review Commission is administered by an executive director.

Environmental and Public Protection**Workers' Compensation Board**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	105,600				
Non-Revenue Receipts	816,600	1,028,300	1,077,900	937,900	949,500
Total Restricted Funds	922,200	1,028,300	1,077,900	937,900	949,500
TOTAL SOURCE OF FUNDS	922,200	1,028,300	1,077,900	937,900	949,500
EXPENDITURES BY CLASS					
Personnel Cost	793,500	912,500	962,800	822,500	834,800
Operating Expenses	128,700	115,800	115,100	115,400	114,700
TOTAL EXPENDITURES	922,200	1,028,300	1,077,900	937,900	949,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	922,200	1,028,300	1,077,900	937,900	949,500
TOTAL EXPENDITURES	922,200	1,028,300	1,077,900	937,900	949,500

The Kentucky Workers Compensation Board rules on appeals of decisions rendered by administrative law judges in the Kentucky Workers Claims and Compensation system pursuant to KRS 342.213 and KRS 342.285. The board consists of three members appointed by the Governor to four-year terms. These members must possess the qualifications of appeals court justices and are held to those same professional ethical standards of behavior and compensation. A decision from two of the three board members constitutes a decision of the board.

**Environmental and Public Protection
Workers' Compensation Funding Commission**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		19,000,000	19,000,000		
Total General Fund		19,000,000	19,000,000		
Restricted Funds					
Balance Forward	9,832,100	11,433,400	12,767,900	17,692,900	2,008,700
Current Receipts	126,932,000	102,925,300	100,303,100	106,480,000	109,470,000
Non-Revenue Receipts	8,166,000	10,235,900	11,702,200	15,134,000	25,356,600
Total Restricted Funds	144,930,100	124,594,600	124,773,200	139,306,900	136,835,300
TOTAL SOURCE OF FUNDS	144,930,100	143,594,600	143,773,200	139,306,900	136,835,300
EXPENDITURES BY CLASS					
Personnel Cost	1,411,900	1,433,500	1,609,000	1,331,100	1,451,100
Operating Expenses	125,825,300	129,393,200	130,354,000	135,967,100	133,730,500
TOTAL EXPENDITURES	127,237,200	130,826,700	131,963,000	137,298,200	135,181,600
EXPENDITURES BY FUND SOURCE					
General Fund		19,000,000	19,000,000		
Restricted Funds	127,237,200	111,826,700	112,963,000	137,298,200	135,181,600
TOTAL EXPENDITURES	127,237,200	130,826,700	131,963,000	137,298,200	135,181,600
EXPENDITURES BY UNIT					
Workers' Compensation Funding Commission	1,712,400	1,790,400	1,971,500	1,634,000	1,756,600
Benefit Reserve	118,000,000	121,105,600	121,032,300	127,770,600	124,519,900
KCWP Fund	7,524,800	7,930,700	8,959,200	7,893,600	8,905,100
TOTAL EXPENDITURES	127,237,200	130,826,700	131,963,000	137,298,200	135,181,600

The Workers' Compensation Funding Commission was created through the passage of House Bill 1 by the 1987 Extraordinary Session of the General Assembly. House Bill 928, passed by the 1994 General Assembly, transferred the Commission to the Labor Cabinet for administrative purposes. The agency has the public purpose of controlling, investing, and managing the funds collected pursuant to KRS Chapter 342.

The Commission collects two separate assessments as required by KRS Chapter 342. One assessment is imposed on Kentucky workers' compensation premiums received by all insurance carriers and group self-insurers, and on a calculation-based premium equivalent for employers carrying their own risk. A second assessment is imposed on such premiums received from employers engaged in the severance or processing of coal. In addition to these assessments, House Bill 1 of the 1996 Extraordinary Session contained a provision beginning with fiscal year 1998, that the Revenue Department credit \$19 million in coal severance tax revenues levied under KRS 143.020 to the Benefit Reserve Fund within the Commission. These funds, coupled with the two assessments, are to be used to fund and pre-fund the liabilities of the Special Fund and the Coal Workers' Pneumoconiosis Fund; finance the administration and operations of the Special Fund and the Coal Workers' Pneumoconiosis Fund; finance the administration and operations of the Funding Commission; finance all programs in the Labor Cabinet except the Division of Apprenticeship, Training and Employment Standards and the Office of Labor-Management Relations; and pay the liabilities and fund the operating budget for the Uninsured Employers' Fund in the Office of the Attorney General.

These assessments are credited to the Commission's Benefit Reserve Fund and the excess of collections over Special Fund liabilities, the Coal Workers' Pneumoconiosis Fund liabilities and budgeted expenditures are invested according to the

Commission's policies and in compliance with KRS Chapter 386. The agency may perform or contract for audits of those entities subject to assessments, and may coordinate with other governmental agencies to ensure compliance with the statutes relating to workers' compensation funding.

The Board is required to engage a certified public accountant to conduct an annual examination of the Commission's affairs and report the findings to the Governor and the Auditor of Public Accounts.

Included in the operating expenses are the fund transfers that represent the amounts the Commission will transfer to the Labor Cabinet and the Uninsured Employers' Fund for those programs statutorily supported by assessments.

The Commission maintains a diverse financial long-term investment portfolio and has an agreement with the Office of Financial Management, within the Finance and Administration Cabinet, for short-term overnight investment advantages.

Policy

Notwithstanding KRS 342.122(1)(c), \$19,000,000 from the General Fund will not be appropriated to the Funding Commission in fiscal year 2007 or fiscal year 2008.

Notwithstanding KRS 342.122(1)(a), \$952,000 in Coal Workers' Pneumoconiosis Funds will support Mine Safety Training in fiscal year 2007 and \$952,000 in fiscal year 2008 in the Office of Mine Safety and Licensing in the Department of Public Protection.